

HOW PROTECTION, INCREASE OF PUBLIC AND PRIVATE
REVENUES, AND NATIONAL INDEPENDENCE,
MARCH HAND IN HAND TOGETHER.

REVIEW

OF THE

REPORT OF THE HON. D. A. WELLS,

SPECIAL COMMISSIONER OF THE REVENUE;

BY

H. C. CAREY.



PHILADELPHIA:
COLLINS, PRINTER, 705 JAYNE STREET.
1869.



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PROTECTION AND REVENUE, PUBLIC AND PRIVATE.

DEAR SIR :—

Your report just now published contains a passage to which I desire here to invite your attention, as follows :—

“As respects the relation of legislation by the national government to the results under consideration, if we except the adoption of a liberal policy in the disposition of the public lands, it is difficult, at least for the period which elapsed between 1840 and 1860, to affirm much that is positive, unless, in conformity with the maxim, that that government is best which governs least, absence of legislation is to be regarded in the light of a positive good. If important results followed the acquisition of California, such results were certainly neither foreseen nor anticipated ; while as regards commercial legislation, a review of all the facts cannot fail to suggest a doubt whether the evils which have resulted from instability have not far more than counterbalanced any advantage that may have proceeded from the experience of a fluctuating policy.

“The Commissioner is well aware that this opinion will not be readily accepted by those who have been educated to believe that the industrial and commercial prosperity of the country was seriously affected by the legislation which took place during the years which elapsed from 1842 to 1846. But upon this point all investigation shows that the facts are entirely contrary to what may be regarded as the popular belief, which, indeed, in this particular, would appear to be based on little else than mere assertions, which, remaining for a long time unquestioned, have at last acquired historical truth. Thus, for example, it has been constantly asserted, both in Congress and out of Congress, that the production of pig iron was remarkably stimulated under the tariff of 1842—rising from 220,000 tons in 1842 to 800,000 tons in 1848—and that under the tariff of 1846 the same industry was remarkably depressed. Now, these assertions may be correct, but the most reliable statistics to which we have access, viz: those gathered by the American Iron Association, instruct us as follows :—

“Production of pig iron in 1830, 165,000 tons ; in 1840, 347,000 tons. Increase in 10 years, 110 per cent.

“Production in 1845, 486,000 tons ; increase in 5 years, 40 per cent.

“Production in 1850, 564,000 tons ; increase in 10 years, 62 per cent.

“Production in 1855, 754,000 tons ; increase in 5 years, 33 per cent.

“Production in 1860, 913,000 tons ; increase in 10 years, 61 per cent.

“It thus appears that the great annual increase in the production of pig iron took place prior to the year 1840, and for 30 years was remarkably uniform at the rate of 10 to 11 per cent. per annum ; and that since then, no matter what has been the character of the legislation, whether the tariff was low or high, whether the condition of the country was one of war or peace, the increase of the production has been at the average of about 8 per cent. per annum, or more than double the ratio of the increase of population.

“Again, as another serious illustration of an apparent misconception of the effects of past legislation upon the development of the country, take the following paragraph from the recent report of a Congressional committee :—

“No business man of mature age need be reminded of the revulsion which followed in consequence of the free-trade system of 1846—the decline of production, of immigration, of wages, of public or private revenue, until the culmination of the system in the tariff of 1857, with the memorable crises of that period ; the general ruin of manufacturers and merchants ; the suspended payments of the banks ; the reduction of the Treasury to the verge of bankruptcy, and the unparalleled distress among the unemployed poor.”

Here follows a series of statements constructed in a manner similar to that above given in reference to iron, the object of their production being that of proving that the views of the committee thus presented had had no foundation in fact; that they had allowed themselves to be deceived by "mere assertions" on the part of others; and, that the time had now come for setting the stamp of falsehood on all they had been accustomed to believe in reference to the tariff of 1846, and for obtaining such accurate views of the last twenty years of our commercial history as might be entitled to claim to have "the force of accepted historical truths."

To whom, however, are to be attributed the oft-repeated misstatements by which the committee had been deceived? No name is given, but you of course refer to me, the statements thus controverted having been first published over my own signature, so early as 1851, and since then many times republished; and the committee having been misled, if misled at all, by no other than myself. To me, therefore, it is that you have thus thrown down the glove, and I now take it up prepared on the one hand to prove the accuracy of the views you have thus called in question; or, on the other, to admit of having through a long series of years misled my fellow-citizens. Admit that such proof be furnished—that the "mere assertions" be now proved to be real "historical truths" fitted for even your own acceptance, where, I beg to ask, will you yourself then stand? Should it chance to be proved that it is not I that am required to impale myself on the horns of a dilemma which leaves but a choice between the admission of gross carelessness on the one hand, or grosser dishonesty on the other, does it not follow necessarily that you must be compelled to take the place you had prepared for me, and thus furnish yourself the proof required for establishing the fact that you are wholly disqualified for the office of public teacher? As it seems to me, such must be the case.

Leaving you, however, to reflect at leisure on the questions thus propounded, I propose now to analyze the "historical truths" of your report, first, however, giving a brief history of our tariff legislation for the last half-century, as follows:—

The revenue tariff period which followed the close, in 1815, of the great European war, was one of great distress both private and public. Severe financial crises bankrupted banks, merchants, and manufacturers; greatly contracted the market for labor and all its products; so far diminished the money value of property as to place the debtor everywhere in the power of his creditor; caused the transfer of a very large portion of it under the sheriff's hammer; and so far impaired the power of the people to contribute to the revenue that, trivial as were the public expenditures of that period, loans were required for enabling the Treasury to meet the demands upon it. With 1824, however, there came a partial attempt at remedy of the evils under which our whole people were then so severely suffering, a tariff having been then established under which pig iron and potatoes were abundantly protected, pipes and pen-knives being admitted at moderate ad-valorem duties. The rude products of agriculture were, in effect, prohibited from being imported in their original forms, but when they presented themselves in those of cotton and woollen cloths little difficulty was found. Slight was the benefit resulting from such a measure, yet benefit did result, and hence it was that it came so soon to be followed by the admirable tariff of 1828, the first really protective one ever established by Congress. Under it all was changed, and with a rapidity so great that but five years of its

action were required for giving to the country a prosperity such as had never before been known; for so increasing the public revenue as to render necessary the emancipation from import duties of tea, coffee, and many other articles the like of which was not produced at home; for taking thus the first step in the direction of *real* freedom of external commerce; for finally annihilating the public debt; and for causing our people to forget the state of almost ruin from which they had been redeemed by the combined action of the tariffs of 1824 and 1828.

Northern submission to Carolinian threats of nullification next gave us the Compromise of 1833, by means of which the country was, within the next decade, to be brought under a strictly revenue tariff of 20 per cent. The South needed cheap food, and did not, therefore, desire that Western farmers should make a market at home which might tend to raise its price. Most generously, however, it permitted protection to remain almost untouched, until the first of January, 1836, and how gradual were the changes then and for several years thereafter to be made, will be seen from the following figures representing the duties to be paid on an article that had stood originally at 50 per cent.:

1829-33	1834-5	1836-7	1838-9	1840-41	1842 to June 30	thereafter
50	47	44	41	38	29	20

For the first two years general prosperity continued to be maintained. Thereafter, however, we find the whole period of its existence presenting a series of contractions and expansions ending in a state of weakness so extreme that bankruptcy was almost universal; that labor was everywhere seeking for employment; that the public credit was so entirely destroyed that the closing year of that unfortunate period exhibited the disgraceful fact of Commissioners, appointed by the Treasury, wandering throughout Europe and knocking at the doors of its principal banking houses without obtaining the loan of even a single dollar. Public and private distress now, August, 1842, compelling a return to the protective system we find almost at once a reproduction of the prosperous days of the period from 1829 to 1835, public and private credit having been restored, and the demand for labor and its products having become greater than at any former period.

Again, however, do we find our people forgetting that to the protective policy had been due the marvellous changes that were then being witnessed, and again, 1846, returning to that revenue tariff system to which they had been indebted for the scenes of ruin which had marked the periods from 1817 to 1828, and from 1835 to 1842. California gold now, however, came in aid of free trade theories, and for a brief period it was really believed that protection had become a dead issue and could never be again revived. With 1854, however, that delusion passed away, the years that followed, like those of the previous revenue tariff periods, having been marked by enormous expansions and contractions, financial crises, private ruin, and such destruction of the national credit that with the close of Mr. Buchanan's administration we find the treasury unable to obtain the trivial amount which was then required, except on payment of most enormous rates of interest.

Once again, 1861, do we find the country driven to protection, and the public credit by its means so well established as to enable the treasury with little difficulty to obtain the means of carrying on a war whose annual cost was more than had been the total public expenditures of half a

century, including the war with Great Britain of 1812. Thrice thus, under the tariffs of 1828, 1842, and 1861, has protection redeemed the country from almost ruin. Thrice thus, under the revenue tariffs of 1817, 1833, and 1846, has it been sunk so low that none could be found "so poor to do it reverence." Such having been our experience throughout half a century it might have been supposed that the question would be regarded now as settled, yet do we find an officer of the government whose special duty it has been made to inquire into all the causes affecting the public revenue, and who has had before him all the evidence required in proof of the above "assertions," now venturing to assure Congress and the people that—

"There does not seem to be any reliable evidence which can be adduced to show that the change which took place in the legislative commercial policy of the country in 1846 had any permanent or marked effect whatever; while, on the other hand, the study of all the facts pertaining to national development from 1840 to 1860, and from 1865 to the present time, unmistakably teaches this lesson; that the progress of the country through what we may term the strength of its elements of vitality is independent of legislation and even of the impoverishment and waste of a great war. Like one of our own mighty rivers, its movement is beyond control. Successive years, like successive affluents, only add to and increase its volume; while legislative enactments and conflicting commercial policies, like the construction of piers and the deposit of sunken wrecks, simply deflect the current or constitute temporary obstructions. In fact, if the nation has not yet been lifted to the full comprehension of its own work, it builds determinately, as it were, by instinct."

How much of truth there is in all this, and what has been your warrant for making such "assertions" it is proposed now to examine, commencing with the iron manufacture.

Yours respectfully,

HENRY C. CAREY.

HON. D. A. WELLS.

January 23, 1869.

LETTER SECOND.

DEAR SIR:—

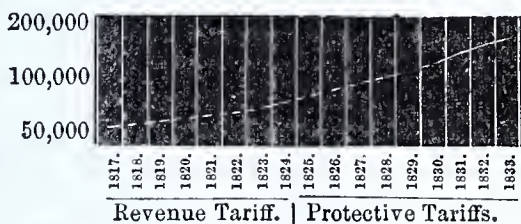
In accordance with the promise in my last I now proceed to an examination of *the Iron Question*, basing the statements here to be made on facts collected by myself in 1849, and now adopted, so far as they were found available for your purposes, by yourself.

In 1810, prior to our second war with England, our furnaces numbered 153, with an average yield of 36 tons, giving a total produce of 54,000 tons. Protection afforded by the war caused a considerable increase, but there exist no reliable statistics in regard thereto. Peace in 1815 was followed by the, so called, revenue tariff of 1817, and that in turn as is so well known, by the closing of factories and furnaces; by the ruin of manufacturers and merchants; by the discharge of workmen everywhere; by the stoppage of banks; by the bankruptcy of States; by the transfer under the sheriff's hammer of a large portion of the real estate of the Union; and, by an impoverishment of our whole people general beyond all former precedent. The demand for iron had so far ceased that the manufacture was in a state of ruin so complete that not only had it lost all that it had gained in time of war, but had, as was then believed, greatly retrograded. In placing it, as I now shall do, near the point to which, by aid of non-intercourse and embargo acts,

it has been brought in 1810, I am, as I feel assured, doing it entire justice.

Such, with little change, continued to be the state of things until the passage of the semi-protective tariff of 1824, described in my former letter. By it full protection was granted to pig, bar, bolt, and other descriptions of iron, as well as to some of the coarser kinds of manufactured goods, the demand for iron being thus so far stimulated that the old furnaces were again brought into activity, others meanwhile being built; and the product being, by these means, carried up in 1828 to 130,000 tons, giving a duplication in the short period of four years, or 25 per cent. per annum. Two years later, under the tariff of 1828, it had grown to 165,000 tons, and by 1832 it had reached 200,000, if not even more, having thus trebled itself in the eight years which had followed the passage of the Act of 1824.

As nearly as may be the whole movement from 1817 to 1832 is presented in the following diagram, having examined which you may perhaps explain to what extent it furnishes material for the confirmation of your "assertion" that "the progress of the country through what we may term the strength of its elements of vitality is independent of legislation?" The history of the world presents no ease of greater change as the result of sound legislation than will be found by those who study carefully the impoverished and unhappy condition of the country in the years that preceded 1824, and then compare with it the marvellous prosperity that marked the period of the thoroughly protective tariff of 1828.



2. By the Act of 1832 tea, coffee, and many other articles, railroad iron included, were made free of duty, this last a serious blow to the then rapidly growing iron manufacture. As a consequence of this it was that England had, until after the passage of the tariff act of 1842, an entire monopoly of its supply, by aid of which she had then already imposed upon our people a taxation far greater than would, had it been so applied, given us furnaces and rolling mills capable of furnishing thrice more in quantity and value than Great Britain then produced of iron in all its varied forms. One year later, in 1833, came the Compromise tariff dictated by South Carolina, looking eventually to the establishment of a purely revenue system, but for the moment making changes so very gradual that its deleterious influence remained almost unfelt until after 1835. The production of iron continued, therefore, to increase in the three years which followed 1832, but it has been quite impossible to obtain any reliable statements in regard thereto; and for that reason it is, that in all tables hitherto furnished the whole of *that* growth has been credited to the revenue tariff policy, when it had properly belonged to the protective one.

For 1840 the product of iron is given at 347,000 tons, showing a gain of 147,000 in eight years from 1832, much of which, however, certainly resulted from the protection afforded from 1832 to 1836.

With 1841 there came, however, as already shown, the fifth reduction of duty under the Carolina nullification tariff of 1833, bringing with it, too, a close proximity of the horizontal twenty per cent. tariff that was to take effect in 1842-3. With each successive day, therefore, the societary movement became more completely paralyzed until there was produced a state of things wholly without parallel in the country's history, and even exceeding that of the revenue tariff period of 1817. The country swarmed with men, women, and children reduced to beggary because of finding no employment, owners of mills and mines meantime reduced to bankruptcy because of finding little or no demand for any of their products. Banks stopped payment and seemed unlikely ever again to reach resumption. States made default in payment of their interest, the national treasury meanwhile begging at home and abroad, and begging, too, in vain, for loans at almost any rate of interest.

How all this affected the iron manufacture is clearly shown by the following facts. Smelting by aid of anthracite had been first introduced here in 1837, and as it was an improvement of vast importance it should have rapidly extended. Nevertheless, so depressed became soon after the condition of affairs that at the close of 1841 but six such furnaces, capable of yielding 21,000 tons, had been put in blast. The cause of this may be found in the fact that Carolinian "legislation" had reduced the price in 1841 to little more than half of that at which it had stood in 1837, and had so reduced the powers of our people as to cause a diminution of consumption still greater than that of price.

As a consequence of this ruinous condition of affairs, so many furnaces were closed as to make it highly doubtful if the production were even half of what it had been two years before. That it was under 200,000 tons there is the best reason for believing, yet have I always placed it at 220,000, preferring to err against, rather than for, myself. All the facts, as now presented, have already been before you, but you have selected those alone which suited, at the same time asserting that all that had been published in reference to years the first of which are now under consideration, had been "mere assertions," entitled to none of that consideration which should be given to "accepted historical truths."

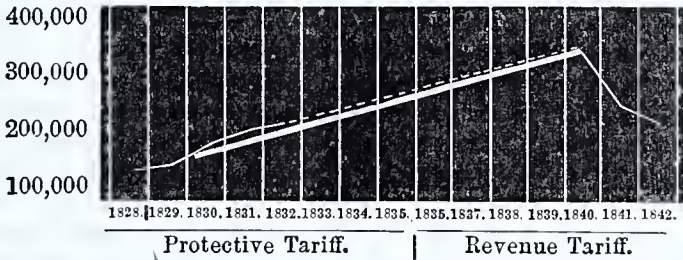
3. Whatsoever the policy of a country, whether protective or anti-protective, peaceful or warlike, the longer it is continued the more thoroughly its powers for good or evil become developed. To the latest years in which such policy had been maintained it was that you, therefore, were required to look when desiring to enable yourself properly to exhibit its excellencies or its defects. Have you done this? Have you given the latest of the years of protection, and exhibited the growth of iron production to 200,000 tons in 1832? Have you given the latest years of the revenue tariff system, and thus brought to light the fact that from the close of protection under the tariff of 1828 to the close of free trade under the Compromise tariff, notwithstanding an increase of population exceeding thirty per cent., there had been scarcely any increase whatsoever? None of these things, as I regret to say, have you done. Directly the reverse, you have suppressed the last years of both, to the end that you might be enabled to assure the nation that "the great annual increase of production took place prior to the year 1840," production "in 1830 having been 165,000 tons; in 1840, 347,000; increase in ten years 110 per cent."

It has been said that "figures do not lie." That they may be made to speak the reverse of truth would seem to be here most clearly shown.

Desiring now to present clearly to your eye all that has above been said of the period now under consideration, I submit another diagram presenting—

First, A light line showing *the entire facts*, giving in all cases the *figures you yourself have used*; and

Second, A heavy line exhibiting *the facts selected by you for presentation*, and exposing the process by means of which you have so carefully thrown out of view the rise, under protection, which occurred in the years subsequent to 1830, and the great fall, under the revenue tariff sytem, which occurred in the years that followed 1840.



Few, as I think, can study the picture thus presented without admitting the ingenuity with which your selected facts had been arranged. Whether or not they will as much admire the fairness of the presentation, it will be for time to tell.

In another letter I propose to review the movement under the protective act of 1842, and the revenue tariff act of 1846.

Yours, respectfully,

HENRY C. CAREY.

HON. D. A. WELLS.

PHILADELPHIA, January 26, 1869.

LETTER THIRD.

DEAR SIR:—

The tariff of 1828 which was, as the country had been assured, almost to destroy the revenue, had, on the contrary, proved so very productive as to make it necessary wholly to emancipate from duty most, if not even all, of the commodities not competing with our domestic products, and had thus furnished conclusive evidence that the road towards financial independence and *real* freedom of trade was to be found in the pursuit of a policy leading to industrial independence. Further proof of this was now being furnished, the customs revenue, under what had been claimed as the true revenue system, having declined to half the amount at which it had stood in 1833, and Congress finding itself compelled, in 1841, to retrace its steps by remanding to the list of duty-paying articles a large proportion of those commodities which had been freed by the Act of 1832. Still, however, the necessary work remained undone, each successive day bringing with it new evidence of a need for total abandonment of a policy nearly the whole period of whose existence had been passed amid financial convulsions of

the severest kind—convulsions whose effect had been that of almost annihilating confidence, and thereby bringing about a state of things destructive alike of public and private revenues.

With August, 1842, therefore, we find the nation compelled to re-adoption of the protective and *real* revenue policy, followed at once by such restoration of confidence as enabled the Treasury to find all its wants promptly supplied at home. Thenceforth there was found no necessity for humbly knocking at the doors of foreign bankers, praying for relief. For the general restoration of confidence, however, much time was needed, ruin having been so widely spread as to make it indispensable that a bankrupt law should be enacted by means of which hosts of ruined merchants, miners, manufacturers, ship owners, land owners, might once again be enabled to get to work and seek the means by aid of which to repair their fallen fortunes. Mills and mines, too, needed to be repaired preparatory to setting laborers once again at work, and it was in such labors that the first year of the new policy was passed. Still another year was required for enabling the returning prosperity to make its way to the coal region, and it was not until the summer of 1844 that the men who had given their millions to its development became at length enabled to see reason for hope that they might at an early period be released from the burthen of debt imposed upon them in the revenue tariff period.* Thenceforth, however, all moved rapidly, new mines being opened, numerous furnaces being erected, and a rolling-mill for rails now for the first time making its appearance on the American soil. Throughout the long period of a dozen years British iron-masters had, by means of our own disastrous legislation, been secured in a monopoly of the control of supplies of rails, but the time had now come for obtaining that *real* freedom of trade which always results from the exercise of power to choose between buying at home or seeking supplies abroad.

The furnaces that in 1840, when pig had fallen to little more than half the price of 1837, had yielded but 347,000 tons, were now being driven to their utmost capacity, estimated at 450,000 tons, but, as there is good reason for believing, not less than 430 000

To this we have here to add—

First, the produce of 8 new anthracite furnaces blown in

from 1841 to 1844 inclusive, with a capacity of 40 000

Second, that of 52 new charcoal furnaces capable of yielding 52 000†

Third, enlargements of old furnaces, estimated at 35 000

Total capacity at the close of 1844 557 000

The actual produce of 1845 is given by you at 486,000 tons, but there exists no certain evidence in reference thereto, and I feel assured that it must have exceeded half a million. So great was then the demand for iron of all descriptions that, notwithstanding the large increase of domestic product, the import of 1844 and 1845 rose to 212,000 tons, ex-

* NOTE.—Coal and iron are always last to feel the changes after a financial revolution. In the present case, nearly two full years elapsed before there occurred any movement of property in the anthracite coal region. In proof of this it may be mentioned that in the early summer of 1844 it had been suggested to Boston capitalists that for the small sum of \$3,000,000 they might be enabled to become owners of a full half of that region, together with improvements the cost of which had been probably five times that sum.

† The number of charcoal furnaces started in these years, in Pennsylvania alone, was 26. As many more are here estimated for all the remainder of the Union, but the real number was probably much greater than this.

ceeding by more than 25 per cent. that of the revenue tariff years 1842 and 1843.

To the quantity above obtained we have next to add as follows :—

Eighteen anthracite furnaces blown in in 1845 and 1846,	
with a capacity of	tons 84 000
Eighty two charcoal furnaces capable of yielding	82 000
Enlargements estimated at	35 000

Giving a total of	201 000
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which added to the 557,000 already obtained makes a grand total of 758,000, or within seven thousand of the estimate then furnished by the Secretary of the Treasury, thus confirming the accuracy of the views that have heretofore been presented by myself.

Nominally, the tariff of 1846 became operative at the close of that year, but such was the general prosperity, greatly increased as it was by a demand for food created by the Irish famine—a demand that caused in that year an import from Europe of gold to the immense extent of \$24,000,000—that its operation was almost entirely unfelt. In face of a large reduction of duty the price of pig-iron rose more than 10 per cent., and every existing furnace was tasked to its utmost to meet the wonderful demand that then existed. Increase of furnaces therefore went on, no less than 11 having been blown in, in the anthracite region, in 1847 and 1848, with a capacity of

tons 54 000
Adding to this, for 18 charcoal furnaces in this State,
and only as many estimated for all the other States,
we obtain a further capacity of

36 000

90 000

by adding which to the 758,000 of previous years we obtain a grand total of 848,000 tons, admitting therein but 70,000 for enlargements in each and every year of works previously in operation.

By no correction of these figures that can even be attempted will it be possible to reduce the quantity to 750,000. Admitting, however, that such reduction be made, there still remains an increase in five years of more than 200 per cent., population meantime having grown less than 20 per cent.

Whence, you may ask, have the facts thus given been obtained? In answer I have to say, that they have been drawn from a source to which you yourself have had the readiest access, *the Statistics of the American Iron and Steel Association*, the difference between the results obtained by you on one side, and by me on the other, consisting only in this, that whereas, I have now, as always heretofore, given all the facts; you have given only those which seemed best fitted for enabling you to prove that “no matter what had been the character of the legislation, whether the condition of the country was one of war or peace, the increase of production had been at the average rate of about eight per cent. per annum, or more than double the ratio of the increase of population.” How far there exists any warrant for this extraordinary assertion in reference to the years which followed the brilliant period above described, it is proposed now to show, commencing with those of 1849 and 1850.

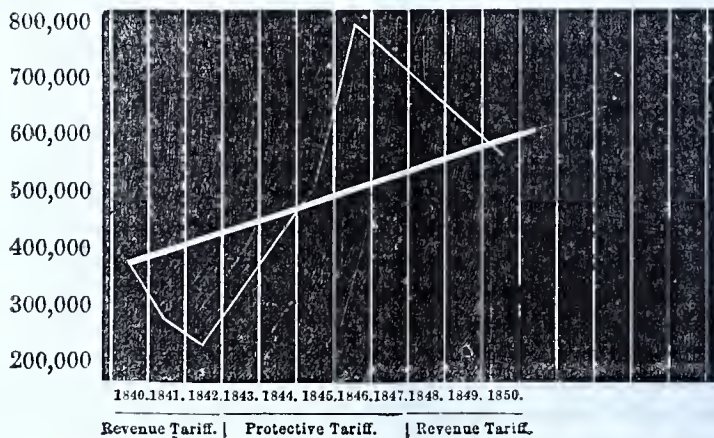
With the summer of 1848 commenced a paralysis resulting from deluge of our markets by British iron, the fiscal year 1848–9 exhibiting an import exceeding by nearly a quarter of a million tons that of 1846, and largely exceeding 300,000 tons. Then, for the first time

did the warehousing system exhibit its power for mischief, British iron masters filling the public stores with their various merchandise, and borrowing on the certificates money at the lowest rates of interest, their American competitors meanwhile piling up products upon which, while remaining on their premises, they could not borrow a dollar at any rate of interest whatsoever. For them there existed no public stores the like of those so carefully provided for their rivals, that the latter might be enabled at once to borrow nearly the whole value of their merchandise, and then apply the proceeds to the fabrication of other hundreds of thousands of tons by means of which they might, and with the smallest measure of inconvenience, be enabled to overwhelm those Americans by whom had been created the great market the control of which they were now determined to secure for themselves.

Worse even than 1848-49 was the state of things exhibited in the fiscal year 1849-50, the import having exceeded 350,000 tons, and prices having been forced down to the half of those of 1838, and but two-thirds of those at which they had stood even in the destructive year of 1841. To sell at \$20 was ruinous to all but the favored few who enjoyed advantages greatly exceeding those possessed by the mass of those engaged in the manufacture. As a consequence, furnaces were closed one after another, and as early as 1849 the product was supposed to have fallen to 650,000. So steadily, however, did the work of destruction proceed that in 1850 it was fully believed that production had been reduced much below 500,000, and might not prove greatly to exceed 400,000. The actual product, as given in your report, was 564,000, furnishing proof conclusive that the production of previous years must have reached, and probably exceeded, 800,000. No one familiar with the facts of that calamitous period can for a moment hesitate to admit that the production of 1850 had been less than two-thirds of that of 1847-8; or, that to obtain the true figures of these latter years it would be required to add at the least one-half to those furnished by the former. Doing this we obtain 846,000, and that that presents more nearly than any other figure the quantity of iron actually produced in the closing years of that prosperous protective period is my firm belief.

How the great facts compare with those small ones so carefully selected by you is shown in the annexed diagram, the heavy line giving, as before, the picture presented by yourself in the following words:—

“Increase in the production of pig iron: In 1840, 347,000 tons; in 1845, 486,000; in 1850, 564,775.”



Having studied the above, and having seen how very carefully you had *suppressed* the calamitous revenue years 1841 and 1842; and then again *suppressed* the wonderfully prosperous period of protection from 1845 to 1848; I beg to ask that you then read again the following paragraph of your Report, and most particularly that portion of it here given in italics, as follows:—

“The Commissioner is well aware that this opinion will not be readily accepted by those who have been educated to believe that the industrial and commercial prosperity of the country was seriously affected by the legislation which took place during the years which elapsed from 1842 to 1846. But upon this point *all investigation shows that the facts are entirely contrary to what may be regarded as the popular belief, which, indeed, in this particular, would appear to be based on little else than mere assertions, which, remaining for a long time unquestioned, have at last acquired the force of accepted historical truth.* Thus, for example, it has been constantly asserted, both in Congress and out of Congress, that the production of pig iron was remarkably stimulated under the tariff of 1842—rising from 220,000 tons in 1842 to 800,000 tons in 1848—and that under the tariff of 1846 the same industry was remarkably depressed. Now, these assertions may be correct, but,” as you then proceed to prove by aid of carefully selected facts, there is really not, as you would have your readers believe, a single grain of truth to be found among them.

In my next, I propose to examine the remainder of the years that elapsed between the passage of the Act of 1846 and the breaking out of that rebellion of which latter it was the real cause.

Yours respectfully,

HENRY C. CAREY.

HON. D. A. WELLS.

PHILADELPHIA, January 28, 1869.

NOTE.

Leaving wholly out of view numerous changes made from 1842 to 1848, in the construction of furnaces with a view to increase of their capacity, the new appliances of that period, including an extensive substitution of hot for cold blast, would alone, as it is believed, much more than account for the 70,000 tons claimed under the head of “enlargements.”

LETTER FOURTH.

DEAR SIR:—

In 1846, when the destructive tariff bill of that date was under discussion, Mr. Calhoun declared to persons who spoke with him on the iron question that if he could feel quite certain that rails would be supplied at *eighty dollars* per ton, he would promptly grant any amount of protection that could be asked for. At that moment the first rail mill, as has been shown, was less than two years old, and no man, or party of men, could yet feel warranted in giving any assurance to that effect. In the years that then immediately followed the progress of this branch of industry was so rapid that in 1850 the iron masters, as a body, proposed to Congress the establishment of a sliding scale by means of

which the duty should be precisely that which might be needed for keeping rails steadily at *fifty dollars*—rising as the price fell below that sum, and falling as the price advanced beyond it. Advantageous, however, as would have been such an arrangement, it fell to the ground because it did not suit the views of British iron masters who were then deluging the American market with rails made of refuse materials, to be sold at forty dollars per ton, and even, as I think, less than that, with the intent and purpose of carrying into full effect the operation thus subsequently described in a Report to Parliament, to wit:—

“The laboring classes generally, in the manufacturing districts of the kingdom, and especially in the iron and coal districts, are very little aware of the extent to which they are often indebted for their being employed at all to the immense losses which their employers voluntarily incur in bad times, in order to *destroy foreign competition, and to gain and keep possession of foreign markets*. Authentic instances are well known of employers having in such times carried on their works at a loss amounting in the aggregate to three or four hundred thousand pounds in the course of three or four years. If the efforts of those who encourage the combinations to restrict the amount of labor and to produce strikes were to be successful for any length of time, the great accumulations of capital could no longer be made *which enable a few of the most wealthy capitalists to overwhelm all foreign competition in times of great depression, and thus to clear the way for the whole trade to step in when prices revive, and to carry a great business before foreign capital can again accumulate to such an extent as to be able to establish a competition in prices with any chance of success*. *The large capitals of this country are the great instruments of warfare against the competing capitals of foreign countries, and are the most essential instruments now remaining by which our manufacturing supremacy can be maintained*; the other elements—cheap labor, abundance of raw materials, means of communication, and skilled labor—being rapidly in process of being equalized.”

Such was the *warfare* then being carried out, and to what extent it proved successful it is my purpose now to show.

At the close of 1850 the receipts of gold from California had reached the then almost fabulous quantity of \$68,000,000, stimulating into activity almost every branch of trade and manufacture; and yet, it was at that moment that the representatives of the most important of all manufactures were begging of Congress to give its assent to a bill providing *that full supplies of railroad bars should be forever secured to our people at prices less than they had paid for mere pigs but thirteen years before!*

The refusal of that body to give its assent to this most moderate proposition was of course equivalent to giving sanction to continuance of the war whose objects are above so well described, the result having been that while gold was coming in from the West at the rate of a million of dollars per week, iron flowed in from the East until, in all its various forms, the joint import of 1853 and 1854, had arrived at the extraordinary figure of *more than eleven hundred thousand tons, and at a price for pig iron but little less than that which three years before, when entering on the war, these warriors had been content to accept for railroad bars.** Their work had been done, the sacrifices had been made, conquest had been achieved, and they were now enjoying the fruits, taxing the people of the Union, in these two years alone, more than \$20,000,000, and probably more even than \$30,000,000; thereby enabling themselves to return to their own pockets, with immense interest, the money that had been expended in subsidizing journalists, in buying

* In those years pigs sold here at \$36 to \$37. In 1850 large quantities of rails were supplied at \$40.

railroad presidents and others, in and out of Congress, and generally in carrying on the war.

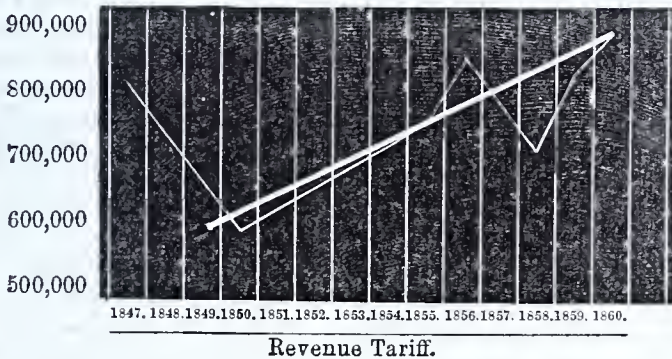
The domestic product, as has been seen, had fallen from 800,000 tons in 1847-8 to 564,000 in 1850, and at or near that figure it probably remained during 1851 and 1852, as the import in those years, of iron and its manufactures, exceeded 700,000 tons, filling to repletion the public stores, and keeping down prices to little more than those of 1850.* Prices, however, running up with great rapidity, American furnaces are now again put in blast, and the product of 1854 is carried up to 716,000 tons, being *ten per cent. less* than it had been six years previously, the population being *twenty per cent. more*. From this time forward the figures are as follows:—

1855, 754,000;	1857, 874,000;	1859, 840,000;
1856, 874,000;	1858, 705,000;	1860, 913,000.

From 1848 to 1860 population had increased *forty per cent.*, the production of iron, taking the average of those years, having remained *almost stationary*; and yet it is of this period that you speak in the following words and figures:—

“Production in 1850, 564,000 tons; increase in five years, 40 per cent. In 1855, 754,000 tons; increase in five years, 33 per cent. In 1860, 913,000 tons; increase in ten years 61 per cent;” thereby proving to your own satisfaction, if not to that of those conversant with the real facts, “that no matter what had been the character of the legislation, whether the tariff was low or high, whether the condition of the country was one of war or peace, the increase of the production had been at the average of about 8 per cent. per annum, or more than double the ratio of the increase of population.”

How you had been enabled to arrive at this beautiful production of “historical truth” is clearly shown in the following diagram, the heavy line, as before, following out your figures, and the others giving the *real* facts of the case as above recounted:—



Professing to give a true picture of the working of the Compromise tariff, you *suppressed* its closing and most destructive years, 1841 and 1842. Professing now to furnish such a picture of the revenue tariff of 1846, you have *suppressed* the prosperous closing years of its predecessor of 1842, doing this, as it would seem, by way of enabling your fellow-citizens to determine on which side lies the “historical truth.”

You have denied that “industrial and commercial prosperity,” had

* Price of pigs in 1850, \$20 82; in 1851, \$21 35; in 1852, \$22 63.

been "seriously affected by the legislation of the country in the years which elapsed between 1842 and 1846." You have denied that "the production of iron" had been "remarkably stimulated" under that tariff. You have denied that "under the tariff of 1846, that industry" had been "remarkably depressed." Allow me now to ask, not that you prove what you thus have said, but only that you furnish evidence that you had had before you any reliable evidence calculated to produce in your own mind a belief that there was in it even an approach to the real truth of the case.

2. How the national wealth was at this period being promoted will be seen on an examination of the following facts. The number of anthracite furnaces in 1854 was 77, of which 70 were in operation, and the capacity of the whole was 375,000 tons. The high prices of that and the previous year—the combined result of a re-establishment of British power, and a receipt of the precious metals averaging nearly a million per week—having stimulated our people to the erection of furnaces, we find their number to have arrived in 1856 at 92, of which 81 were then in blast and yielding 347,000 tons. Thenceforward, we find a downward movement as follows:—

	Total No.	Out of blast.	Capacity.	Product.
1857	94	28	504,000	307,000
1858	94	33	505,000	280,000
1859	95	31	580,000	364,000
1860	96	27	600,000	403,000

In the rapid growth of number we have here abundant proof of the promptitude with which our people have at all times been, as now they are, prepared to meet the demand, however created, that may exist. In the number out of blast we have evidence that millions of capital and therewith tens of thousands of working men, had been deprived of power to contribute toward the public revenue. It might, however, be supposed that import from abroad had made amends for large decrease in 1858 at home. On the contrary, decline of import had kept steady pace with that of production, the quantity then received having been less than a third of that of 1854, when domestic product had been greater.

The consumption of the three years 1846, '47, and '48, *the last* of the tariff of 1842, was, as nearly as can now be ascertained, of American 2,400,000, and of foreign 330,000, giving an annual average of 910,000. That of the three years 1858, '59, and '60, *the last* of the tariff of 1846, was, of American 2,460,000, of foreign 840,000, giving a total of 3,300,000, and an annual average of 1,100,000, the increase of consumption being about 20 per cent.; population meanwhile having grown nearly 40 per cent. How those quantities were divided between transportation and production it is proposed now to show, as follows:—

The demand for railroads in the first of these periods was as follows:—

Increase of road 1200 miles, requiring at 80 tons per mile,	96,000
Iron for chairs, sidings, turn-outs, switches, bridges, locomotives, ears, depots, &c., &c.,	48,000
Maintenance of 6000 miles of track, sidings, rolling stock, and other appurtenances, at 10 tons per mile, . . .	60,000
Maintenance of 1000 miles of second track,	10,000
Total,	214,000
Giving an annual average of, say,	71,000

Which deducted from 910,000 leaves for "boilers, tenpenny nails,"
and other instruments of production, an annual average of 839,000

For the second of these periods we have the following figures, to wit:—

Increase of road 5000 miles, as before, at 80 tons per mile,	400,000
Sundries, as above,	200,000
Maintenance of 31,000 miles, as above,	310,000
“ 6000 miles of second track,	60,000
Total,	970,000
Giving an annual average of 323,333 for railroad purposes alone.*	

In the first of these the tonnage of our navigation somewhat exceeded 3,000,000. In the second it about as much exceeded 5,000,000, the *growth* exceeding that of the first by about 150,000. Of the increase in the quantity of canal boats, barges, &c., &c., we have no record, but it probably counted by hundreds of thousands of tons.

For all this *excess* new work, for the *excess* substitution of new for old, whether by the building of new boats and ships, or repair of old ones, the quantity of iron required must have been fully double that of the first period, and may be very moderately set down at 30,000 tons per annum, by adding which to the 323,000 required for railroad purposes, we obtain a joint consumption, for *transportation*, of 353,000 tons. Deducting this now from a total consumption of 1,100,000 tons, we have remaining for "tenpenny nails, boilers," and other machinery of *production* 747,000, being *eleven per cent. less* than in the former period, population having meantime become almost *forty per cent. greater*. How all this is to be made to accord with the assurance given by you to the nation, that "no matter what had been the character of the legislation, whether the tariff was low or high, whether the condition of the country was one of war or peace, the increase of the production had been at the average of about 8 per cent. per annum, or more than double the ratio of the increase of population," it is for you to show.

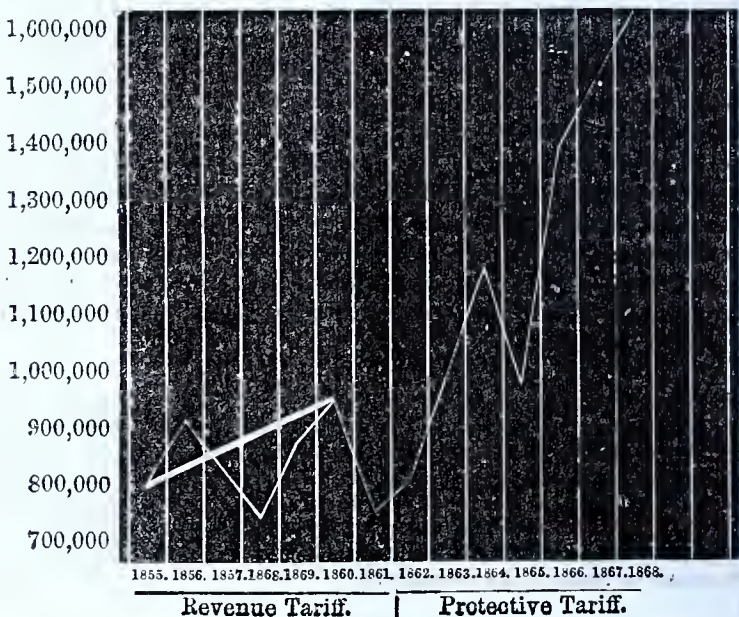
3. Of all the tests of advancing or receding civilization there is none so perfect as that which presents itself in the growing or declining consumption of iron. Such being the case an increase of 200 per cent. in the *popular consumption*, in the short period from 1842 to 1848, would seem to furnish explanation of the rapid advance in that prosperous period towards peace and harmony; the diminished *popular consumption* of the revenue tariff period which closed in 1860, in its turn, well accounting for that growing discord which led at length to a rebellion the cost of which in lives counts by hundreds of thousands, and in property by thousands of millions. Had the "legislation" of 1842 been maintained throughout the twenty years that followed, we should have had no civil war, and our total production of iron would this day exceed that of Britain. Having carefully studied the facts thus presented, it may perhaps be well that you read once again the following passage from your Report:—

* Outside of the quantity of road in operation, all the figures here given have been obtained from the best sources of railroad information, and are said to be below, rather than above, the truth. The railroad bars imported in these three years exceeded 260,000 tons. Our own rail mills had then a capacity of 70,000 tons, and may in the three years have yielded 100 or 120 thousand, giving a total of *rails alone* of 360,000 or 380,000. To this add the quantity of new iron required for combination with old rails re-rolled, and for all other railroad purposes, and it will be found nearly, if not even quite, to confirm the estimate.

"As respects the relation of legislation by the national government to the results under consideration, if we except the adoption of a liberal policy in the disposition of the public lands, it is difficult, at least for the period which elapsed between 1840 and 1860, to affirm much that is positive, unless, in conformity with the maxim, that that government is best which governs least, absence of legislation is to be regarded in the light of a positive good. If important results followed the acquisition of California, such results were certainly neither foreseen nor anticipated; while as regards commercial legislation, a review of all the facts cannot fail to suggest a doubt whether the evils which have resulted from instability have not far more than counterbalanced any advantage that may have proceeded from the experience of a fluctuating policy."

What it is that may be *positively affirmed* in reference to that *fluctuation of policy* which struck down the great iron manufacture at the moment at which it had just begun to exhibit its power for good, would seem to be this; that in the British monopoly period which thereafter followed, we added somewhat less than *forty* per cent. to our population; *seventy* to our machinery for water transportation; and *five hundred* to that required for transportation by land; meantime materially *diminishing* the quantity of iron applied to works of production. When you shall have carefully studied all this, you may perhaps find yourself enabled to account for the facts, that in the closing year of the free trade period railroad property which had cost more than \$1000,000,000 could not have been sold for \$350,000; that ships had become ruinous to nearly all their owners; that factories, furnaces, mills, mines, and workshops had everywhere been deserted; that hundreds of thousands of working men had been everywhere seeking, and vainly seeking, to sell their labor; that immigration had heavily declined; that pauperism had existed to an extent wholly unknown since the great free-trade crisis of 1842; that bankruptcies had become general throughout the Union; that power to contribute to the public revenue had greatly diminished; and finally, that the slave power had felt itself to have become so greatly strengthened as to warrant it in entering on the great rebellion.

4. The movement since 1860, under protection, is presented in the following diagram, side by side with that of the latter years of the revenue tariff by which the former had been preceded, the heavy line, as before, representing the comparative figures given by yourself:—



Of the period from 1856 to 1860 here presented you say nothing in your general summary, given at page 9 of your Report, having preferred combining with it the previous years when California treasures were causing large increase of domestic product, and thereby enabling yourself to exhibit a decennial increase of sixty-one per cent. By so doing you have been also enabled to shut wholly out of view the calamitous free trade crisis of 1857, and the years that followed it, when the product, instead of showing "an annual increase of the production at the rate of about 8 per cent. per annum, or more than double the ratio of the increase of population," had exhibited the calamitous state of affairs above described.

Of the prosperous protective period that since has followed, your general summary, intended for widest circulation through the public journals, says *not even a single word*. Turning, however, to page 3, I find the following statement of the

Annual product of pig iron from 1863 to 1868.

					Tons.	Annual increase.
1863	.	.	.	.	947,604	
1864	.	.	.	.	1,135,143	19.82 per cent.
1866	.	.	.	.	1,351,143	9.50 per cent.
1867	.	.	.	.	1,447,771	7.16 per cent.
1868 (estimated)	.	.	.	.	1,550,000	7.06 per cent.

For the seven years from 1860 (when the production was 913,770 tons) to 1867, the average annual increase has been 8.35 per cent.

The actual product of this last year has been, as I understand, more than 1,600,000 tons, showing *a duplication* as compared with the average of the closing years of the tariff of 1846. Those, however, who need to compare the present with the recent past, must do so for themselves, as you have been careful to avoid presenting *such* comparison. So, too, must they do if they would find any of the following "historical truths," to wit:—

That at the close of the Compromise Act of 1833 production had not increased *ten* per cent., whereas population had grown *thirty* per cent.

That in the final years of the protective Act of 1842 production had increased more than *two hundred* per cent., whereas population had grown but *twenty* per cent.

That in the final years of the revenue tariff Act of 1846 production had not advanced even *five* per cent., while our numbers had grown on the average of years, nearly *forty* per cent.

That, notwithstanding this large increase of numbers, the quantity applied to *production* had greatly diminished, while that applied to mere *transportation* had more than four times increased.

Leaving you now to reflect on the extraordinary *suppressions* thus exhibited, I shall now proceed to an examination of your chapter on "the taxation of pig iron."

Yours respectfully,

HENRY C. CAREY.

HON. D. A. WELLS.

PHILADELPHIA, February 1, 1869

LETTER FIFTH.

DEAR SIR:—

Suppression of all facts adverse to further maintenance of foreign domination in reference to the greatest of all manufactures, and corresponding suppression of all tending to prove the advantage that had *invariably* resulted from every strike for independence, having enabled you with some appearance; though with none of the reality, of “historical truth,” to make the extraordinary “assertion” that “no matter what had been the character of the legislation, whether the tariff was low or high, whether the condition of the country was one of war or peace, the increase of the production had been at the average of about 8 per cent. per annum, or more than double the ratio of the increase of population, you next proceed to speak of the present and the future, under the head of “Taxation on Pig Iron,” as follows:—

“The article of pig iron affords a striking illustration of an instance where a duty originally levied for revenue and protection, or as an offset to internal taxes, has been continued long after its object has been fully attained, for the interest of the few, but to the detriment of the many.

“The existing duty on pig iron is \$9, in gold; equivalent to over \$12 currency. The average expenditure requisite to produce a ton of pig iron in the United States to-day may be fairly estimated as not in excess of \$26 per ton, currency; and in the case of furnaces favorably situated as regards cheap coal and ore, and under good management, the actual cost, could it be truly ascertained, would not probably be found in excess of \$24. Now, the selling price of Nos. 1 and 2 pig iron in the markets of the United States at present, and for the last year, has ranged from \$37 to \$42 per ton, with a demand continually tending to exceed supply.

“Under these circumstances the manufacturers of pig iron have, to the detriment of the rolling-mill interest, and to the expense of every consumer of iron from a rail to a ploughshare, and from a boiler plate to a tenpenny nail, realized continued profits which have hardly any parallel in the history of legitimate industry, the returns of one set of furnaces in one of the Middle States, communicated to the Commissioner, showing a yearly product of 35,000 tons, on a capital of \$450,000, sold at a profit of from \$10 to \$13 per ton.

“The Commissioner, as he writes, (November, 1868,) has before him letters from the representatives of the bar and sheet-iron interests in nearly all sections of the country, to this effect: ‘Our works are busy, but not remunerative. The profit of the iron manufacture is all absorbed by the manufacturers of pig metal. Our only hope is in equalization, and in a fair increase of protection by Congress at its next session.’

“Now, it would seem that if the manufacturers of pig iron had really at heart the great interests of American industry, they would of their own accord memorialize Congress to this effect: ‘Our profits being far larger than is necessary for the prosperity and rapid extension of our business, we desire and can have no more efficient protection than what would of necessity be guaranteed to us by the prosperity and extension of the rolling-mill interest; and this protection can be readily attained, with benefit alike to producers and consumers, by affording under the existing tariff to the manufacturers of rolled iron cheaper raw material. We, therefore, request that the duty on pig iron, so far as it has heretofore been imposed or maintained for our benefit, may be relaxed or wholly abolished in the interests of the associated branches of the iron industry, which are less prosperous.’ The Commissioner has not, however, heard that any such movement has been contemplated, but on the contrary it is apparent from an inspection of House bill No. 1,211, now pending, that the manufacturers of pig iron propose to allow the representatives of the bar iron interest to ask from Congress at this session such further legislation as will, without reducing the

present unduly enhanced cost of pig iron, guarantee to the latter at the expense of the consumers such additional profit as may render their business remunerative."

The answer to all this, and the extent of "detriment to the many," would both seem to be found in the facts, that the men who need "boiler plates and tenpenny nails," stoves, steam engines, and other machinery of comfort or production, are now enabled to consume *fifty per cent. more, per head*, of iron than they had done in the closing years of the revenue tariff of 1846; whereas, in these latter years they had consumed *forty per cent. less, per head*, than they had done in the corresponding years of the tariff of 1842. What is needed is, that this important commodity be placed within the reach of the largest portion of the community, and that such has invariably been the tendency of the protective policy is fully proved by—

First, The great increase of consumption from 1824 to 1835.

Second, Its extraordinary growth in the period from 1842 to 1848: and

Third, The great increase from 1861 to 1868.

Wholly overlooking the fact that there really is a perfect harmony in the real and permanent interests of society, your Report looks to stimulating discord by condoling with the mechanic for being required to aid in liberally rewarding the services of the farmer; then condoling with the latter for being required to contribute a small portion of his greatly increased receipts towards enabling the miner and the furnace man to obtain such wages as will enable his wife and children to live in comfort; then further condoling with the rolling miller in reference to the prosperity of the furnace man; and then, again, condoling with all for being, as you without the slightest reason assert they are, required to contribute a few cents per head, annually, towards that development of those great mineral resources to which alone can we look in the future for the establishment of either industrial or political independence, and to which at this moment we stand indebted for the facts thus given by yourself, to wit:—

"That within the last five years more cotton spindles have been put in operation, more iron furnaces erected, more iron smelted, more bars rolled, more steel made, more coal and copper mined, more lumber sawed and hewn, more houses and shops constructed, more manufactories of different kinds started, and more petroleum collected, refined, and exported, than during any equal period in the history of the country; and that this increase has been greater both as regards quality and quantity, and greater than the legitimate increase to be expected from the normal increase of wealth and population."

This is a remarkable state of things, but strangely enough, you do not, as I think, anywhere suggest to your readers that it occurs in a period when they are so heavily *taxed* by protection; or, that desiring to find the reverse thereof, they need only to turn to the closing years of the *untaxed* system of 1846 to find it. "Looking *now* around them," as you *might* well have said, "they would see the prosperity of the worker in iron keeping steady pace with that of railroad men; that in turn keeping pace with improvement in the condition of the farmer; the mechanic, the miner, and the laborer profiting again by the increased demand of the farmer for ploughs, harrows, and all other instruments used in the work of cultivation; and all combining to make such demand for iron as to cause consumption to advance *one-half more rapidly than population*. Let them then," as we may properly suppose you to have continued, "compare this with the paralysis from which they had been redeemed by the passage of the protective Act of 1861, and see that the consumption of iron, for purposes such as are above

enumerated, had under the anti-protective policy, in the short period of a dozen years, *declined eleven per cent., population meantime increasing forty per cent.*; and then, having carefully studied these facts of 'historical truth,' deliver judgment on the man who, placed in a situation of the highest responsibility, had deliberately ignored all these great facts, and so far trifled with them as to venture the assurance that—

"Study of all the facts pertaining to the national development from 1840 to 1860, and from 1865 to the present time, unmistakably teaches this lesson; that the progress of the country through what we may term the strength of its elements of vitality is independent of legislation and even of the impoverishment and waste of a great war. Like one of our own mighty rivers, its movement is beyond control. Successive years, like successive affluents, only add to and increase its volume; while legislative enactments and conflicting commercial policies, like the construction of piers and the deposit of sunken wrecks, simply deflect the current or constitute temporary obstructions. In fact, if the nation has not yet been lifted to the full comprehension of its own work, it builds determinately, as it were, by instinct."

2. Having told us what, as you think, the furnace man ought now to say, you may, perhaps, be disposed to read what, as it appears to me, you might with perfect truth and great propriety, yourself have said, as follows:—

"The iron manufacture, fellow-citizens, presents for consideration the most striking, as well as the most important chapter of our industrial history, exhibiting, as it certainly does, an energy, a determination of purpose, nowhere else, here or abroad, exceeded. Stricken down, and for the most part utterly ruined, in the closing years of the Compromise tariff, we find it, under the reviving influence of the protective tariff of 1842, starting at once into life and growing with a vigor that enabled it in the briefest period to treble the production, thereby making a great market for the country's labor, and for all the rude products of the farm and the plantation, as well as for those more finished yielded by the trained industries of the Northern and Eastern States; thereby, too, adding almost countless millions to the money value of the houses, lands, and mines of the country, and enabling their owners to contribute more largely to the public revenue.

"Again stricken down in the early years of the tariff of 1846, it is found once again, when large supplies of California gold had stimulated into activity the general movement of the country, starting into life, those engaged therein opening mines and building furnaces and rolling-mills, and thus preparing to profit of the opportunity thus supplied for, enabling themselves to meet the demand that had been so produced.

"Again prostrated in the disastrous free trade period immediately preceding the rebellion, and that for the third time in less than twenty years, we find it rising, Antæus like, armed with an energy so great as, in the short period that has since elapsed, not only to have almost doubled the production, but to have exercised so large an influence on the iron trade of the world as to have checked the growth of British production in the manner here exhibited:—

"Annual product of pig iron from 1863 to 1868.

	AMERICAN.		BRITISH.	
	Tons.	Annual increase.	Tons.	Increase.
1863	947,604		4,510,040	
1864	1,136,497	19.82 per cent.	4,767,951	5.71 per cent.
1866	1,351,143	9.50 per cent.	4,819,254	1.08 per cent.
1867	1,447,771	7.16 per cent.		Decrease.
1868	1,600,000	10.60 per cent.	4,523,897	6.50 per cent.

"Such being the-facts," fellow-citizens, "it is clearly obvious that you may safely grant to this great industry all the protection for which those concerned in it may be led to ask, quite certain that the *thirty-five* furnaces now in various stages of preparation will be followed soon by as many more, and so on and on, each succeeding year diminishing the distance between ourselves and Britain, until at length the American Union shall become controller of the supply to more than half the world of this most useful of all commodities, and therewith controller of the commerce of the world. Hundreds of millions of acres abounding in coal and ore are waiting that application of capital which will so surely come when its owners can feel assured that they are not fated to see repeated the scenes of ruin which had marked the closing years of the revenue tariffs of 1817, 1833, and 1846."

Such, as it seems to me, would have been the American, the statesmanlike, the honest, presentation of this great question. In its place we are told that profits are too large, that "boiler plates and tenpenny nails" are too high, and that the way to lower them is to make such changes in our "legislation" as always in the past have produced, and must now produce, the effect of so diminishing faith in the future as to stop further building of furnaces, and so arrest increase of supply as to place British iron masters once again in the position in which they had stood in the calamitous years by which the rebellion had been preceded, and to which, more than to any other cause, the rebellion itself had been due.

3. Conquerors in the *warfare* waged in the early years of the revenue tariff of 1846, British iron masters, as has been shown, sold us a few years later pigs at a higher price than they had been then content to accept for railroad bars, thereby *taxing* the country, in two years alone, twenty, if not even forty millions of dollars. What, it may be proper here to ask, was the application of the proceeds of *that* taxation? Were they so applied as to add to the value of *our* land, *our* labor, or the produce of *our* farms? Were they so applied as to add to *our* public revenue? Did they not, on the contrary, go to adding to the value of lands, furnaces, houses, owned by men of whom we are now claiming that they shall render satisfaction for outrages perpetrated by the Slenandoah and the Alabama? That they did so you know as well as I.

Conquered in the strife, our own producers of iron had, in the unhappy closing years of that tariff, been nearly ruined. Protection having now largely increased the general power of consumption, they are found thence to profit in common with the farmer, the miner, the laborer, the tradesman, and the owner of houses and lots in our towns and cities. What, however, becomes of *their* profits? *Do they* go abroad to spend in Paris and in London the contributions of tenants left at home? *Do they* contribute to the resources of people and of governments that had gladly hailed the rebellion as precursor of final dissolution of the Union? *Do they not*, on the contrary, expend their profits in enlargement of their operations, thereby adding millions upon millions to the value of mineral lands that so much abound in nearly every quarter of the Union? *Do they not* thus make large additions to the demand for human labor? *Do they not* thus contribute largely to promotion of immigration? *Do they not* thus so add to the demand for farm products as greatly to promote improvement of cultivation? *Do they not* thus greatly aid in enabling all to purchase more freely of tea, coffee, sugar, and thus to contribute more largely to the public revenue? *Do they not*, in all these ways, contribute towards the growth of both individual and political independence?

Answering these questions, as you certainly must, in the affirmative, how are you to account for the *total suppression* of facts and ideas so important? Were you not, as Commissioner of the Public Revenue, bound to place the British and American *taxation*, and their effects, side by side, thereby enabling your constituents to see for themselves that whereas the whole proceeds of the former had been so applied as to promote the perpetuation of American *dependence*, those of the latter had gone, and must continue to go, in the direction of promoting the growth of American wealth and *independence*? Why has this not been done? Why is it that your Report has throughout been made so entirely in the interest of men who, as you know, are now flooding the country with money to be used in promoting such deception of our people as shall enable them to re-acquire the power that had been secured in the free trade years prior to the rebellion, and then so applied as almost to have made of that rebellion a revolution? To this important question I now invite your serious attention.

4. The general answer to your suggestions is, as it seems to me, to be found in the simple fact that *the power to consume iron is always greatest when the price is highest, and always smallest when the price is lowest*. Seeking evidence of this, you will do well to compare the prices and consumption of the protective year 1833 and the revenue tariff one of 1842; of this latter with the protective year 1846-7; of this again with the free trade year 1850; of this, in its turn, with the great California year 1854; of 1854 with the latter years of the free trade period which closed in 1860; and finally, those of the latter with those of the present hour, when consumption is advancing, despite of prices, so rapidly as to have excited in your mind fears that, with all our efforts, production cannot be made to meet it.

The disease with which we are now, as you think, afflicted, is thus precisely the same with that with which we had been troubled in the closing years of the protective tariff of 1842. Such being the case, allow me to suggest that the remedy then adopted might now prove as effective as it then was found to be. Let us have again a strictly revenue tariff; let us have iron admitted at a low rate of duty; let us stop the building of furnaces; let the government in this manner give every aid in its power to British iron masters; and the day will then be near at hand when the disease will have changed its character, supply then going so far ahead of demand that the latter will then, as was the case in 1857, be reduced far below the point at which it had stood years before.

The road, and the only road, to freedom of external commerce leads through protection. The more thorough that protection the larger will be the public and private revenues, and the more rapid the advance towards industrial and political independence.

Leaving you now to reflect on this suggestion, I propose to proceed to an examination of *the Lumber Question*.

Yours respectfully,

HENRY C. CAREY.

HON. D. A. WELLS.

PHILADELPHIA, February 2, 1859.

LETTER SIXTH.

DEAR SIR:—

Coming now to *The Lumber Question*, I find you stating:—

“That the demand for the last few years has been fully equal to or has tended to exceed supply, which in turn has resulted in constantly augmented prices; the price, for example, of the cheapest varieties of lumber in the Albany, New York, market having advanced since 1861 about 100 per cent.”

“The demand” having thus “exceeded the supply,” “the price,” as we see, has greatly “risen.” The remedy for this would seem to be very simple. Let us return once again to the revenue tariff policy of the period from 1846 to 1860. Let us witness once again that condition of exhaustion which marked its closing years, and those of its free trade predecessor in 1842—years in which we built few houses; in which ships were ruinous to their owners; in which railroad stock failed to command in market even forty per cent. of its cost; in which farms were everywhere burthened with heavy mortgages; in which the little farmers of the West paid interest at any rate between 20 and 40 per cent. per annum; in which mills and furnaces were closed, and mines abandoned; in which laborers and mechanics by hundreds of thousands were wholly without employment; in which, as in 1842, agents were sent abroad to beg in Europe for loans; and, finally, in which the Treasury receipts exhibit more than \$70,000,000, as the proceeds of “loans and treasury notes,” thus bearing testimony to a constantly declining power to contribute to the public revenue; let us, as I say, return to the exhaustion of 1842, or to that of 1860, and we shall once again see the supply of lumber and of labor exceeding the demand, the prices of both becoming so reduced that while the lumberman shall find it difficult to obtain the food required by his family and himself, houses shall remain unoccupied and unproductive to their owners, because of the inability of miners, mechanics, and laborers to pay their little modicum of rents.

The great facts here presented, and that they are facts you know as well as I, find no place in your Report? Why? Because, like most of those presented in regard to iron, they did not suit your purpose. Had all been given you would have found yourself compelled to an exhibition of *harmony of interests*, resulting from protection, such as finds no parallel in any other portion of the earth. Giving the few you have selected, you have done your utmost towards persuading your fellow-citizens to believe that the protective system presents to view *universal discord*, high wages being injurious to the capitalist on the one hand, and increase of rents being ruinous to the laborer on the other.

The great demand for houses having caused increased demand for materials, “a supply of foreign lumber” is, as you tell us, “absolutely essential to meet the requirements of the country,” and thence result “two things” which, as you assure them, “follow as a matter of necessity,” to wit:—

“First, That whatever duty is imposed on the foreign product is paid wholly by the consumer, and is therefore equivalent to so much direct tax, and secondly, that

the price of the imported article regulates and determines the selling price of the domestic product, at least for all that portion of the latter which is exposed to the competition of the foreign supply in the open and leading markets. Whatever, therefore, under these circumstances, enhances the price of foreign lumber, be it a tax or some other agency, will from necessity augment the price of the domestic product to the same extent. Or, in other words, a tax on the importation of foreign lumber becomes also a tax upon the consumers of the whole domestic product; with this essential difference, that in the one case the proceeds of the tax results to the benefit of the national treasury, and in the other to the benefit exclusively of private interests."

The answer to all this is found in the simple expression that the man who *must* go to market *must* pay the cost of getting there, be it in what form it may, whether that of waggonage, railroad charges, or customs duties. The farmer close to market obtains the full money value of his products; his competitor at a distance of 10, 20, 50, or 100 miles from market, selling at prices less by 20, 40, or 50 per cent., as the commodities they have raised need the application of more or less power to the work of transportation. Give to these latter turnpike roads, and diminution of "taxation" exhibits itself in the increased money value of both land and labor. Give them railroads, and the effect of further diminution of "taxation" makes itself manifest in a duplication of the price of land. Bring the market home by placing the consumer at their sides, and at once there arises such demand for the minor produce of the farm that land now sells readily for dollars, where before it could command but dimes.

Time and again, in that revenue tariff period in which were so thickly sown the seeds of the late rebellion, the farmer of Iowa had been required to make his election between using his corn as fuel or selling it at a dime per bushel. At Manchester, that bushel would command probably, *twenty yards* of cotton cloth; and yet, when that cloth reached Iowa, *a single yard* of it would command in exchange another bushel—nineteen-twentieths of the farmer's power of purchase having perished somewhere on the road. Who, *then*, paid the "tax" of transportation? Was it not the farmer? Did he not, to his heavy cost, then learn to know that the man who *must* go to market *must* pay the cost of getting there? Assuredly he did. So, too, does the Canadian lumberman, sad experience having taught him that when our furnaces had been closed, and when houses had almost ceased to be built, the supply of his commodity had so far exceeded the demand as to free his neighbors across the line from all dependence on Canadian forests. Rejoicing now in the great demand resulting from protection of our iron, cotton, and other industries, and knowing well that abolition of duty would be followed by no reduction of price, he seeks to retain for himself his share of the millions that are now contributed to our public treasury; and to aid him in this effort it is, that you venture the assurance that prices here are fixed by those at which we obtain the trivial quantity which passes across our frontier.* Close the furnaces and mills, and stop the building of houses, and it will soon be found that prices are determined here, and *not* in the little markets of Toronto or of Montreal.

In confirmation of the views thus expressed, I now present for your

* *Exports from Canada of planks and boards for the fiscal years ending June 30, 1866, and 1867.*

	Total quantity. M feet.	Total value.	To the United States.
1866	465,812	\$4,583,075	\$4,508,554
1867	533,192	5,104,342	5,043,867

consideration the following passages from reports by the Collectors of Customs at two of the northern ports, as follows:—

“OGDENSBURG, August 3, 1868.

“The supply and demand in the United States is so much larger than in Canada, that importations from there affect our markets but little.

“The following articles are not, in my opinion, imported from Canada in sufficient quantities to affect our markets: Butter, cheese, eggs, wheat, rye, oats, barley and beef cattle. Our importations of these articles are so small, compared with our productions and with our exportations, that we can be affected but little by the supply from Canada.”

“CLEVELAND, October 20, 1868.

“The chief articles of importation at this port are lumber and barley. The lumber market here is entirely controlled by the Saginaw market, and Canadian markets do not in the least influence us. The Canada market, to a great extent, is controlled by American markets, and the result is that the Canadian producer has to conform his prices to our market figures here; this virtually makes the Canadian pay the duties on foreign merchandise imported here, as he is compelled to sell his goods so as to enable the importer to pay the duties, and still not overshoot the American market. As the demand in Canada is not equal to the production, the producer is compelled to look to a foreign market for sale of his merchandise, and for this reason he must necessarily regulate his prices by that market to sell. The purchaser in buying always makes allowance for the duties, and the Canadian in his sale deducts the amount, and thus in reality pays the duty himself.”

That each of Jupiter's satellites exercises over the movements of Jupiter himself some little influence is entirely undoubted, but it is so very slight that were the smaller body stricken from existence careful observation would be required for enabling astronomers to note the fact that change had really occurred. So, very nearly, is it here, Canada exercising scarcely more influence on the great internal movements of the Union than is exercised over the great planet by its insignificant dependant.

2. The builders of houses, and the constructors of bridges, required to choose between the perishable lumber and the imperishable iron, would certainly select the latter, but for the great difference of cost. That this may be diminished it is indispensable that there be competition *for its sale*, and the greater the competition the greater must be the tendency toward diminution in the quantity of labor to be given for a ton of iron, and toward substitution of the least destructible for the most destructible material. The more rapid the substitution the greater would be the tendency towards moving in the direction in which, as you here tell us, “the national interests are likely to be best subserved,” to wit:—

“By restricting rather than stimulating the destruction of our forests, which, in consequence of the continually augmenting demand for lumber, are diminishing and receding with alarming rapidity. So certain, moreover,” as you continue, “is the future advance in the price of lumber, owing to increased demand and diminished supply, that if it were possible to draw for the next ten years the whole domestic supply from foreign sources, the result would unquestionably be for the benefit rather than the detriment of the country; while in respect to private interests the increase in value of timber lands held in reserve during the same period would probably exceed any average interest that would be likely to accrue from a different employment of capital.”

Clearly seeing, as it is here shown you do, that economy of lumber is greatly to be desired, you might, as it seems to me, have spoken to the people whose great interests you are required to guard, somewhat as follows, to wit:—

“Our lands, fellow-citizens, abound in the materials of iron to an ex-

tent unparalleled throughout the globe, and from them we can obtain to any extent, and through thousands and tens of thousands of years, the most imperishable of all the materials used for construction of houses, bridges, and all other of the various machinery required for the comfort and material advancement of our people. Our forests, on the contrary, are constantly diminishing in their extent, and now that, by aid of protection, our people are becoming daily more and more enabled to command the use of better dwellings, better roads, and better bridges, the "rapidity" of diminution becomes "alarming." Nevertheless, we still continue to use this destructible material to such extent that to estimate at \$200,000,000 per annum the amount required for repairing the ravages of time and fire would, as I feel assured, be greatly within the mark. Desiring to see why it is that we still continue a practice so destructive, it may be well for you to study the facts, that under the protective tariff of 1828 great progress had been made in the work of so developing our resources as to warrant the hope that at no distant period iron might be largely substituted for the perishable lumber; that under the free trade period which followed, we retraced our steps, largely diminishing the proportion borne by population to iron production; that under the protective tariff of 1842 there was made a progress so wonderful as to make it certain that at no distant day iron would become so cheap as to insure its greatly increased application in the construction of edifices of every kind; that under its successor of 1846, we again retraced our steps, the closing years of that unhappy period exhibiting a large decrease in the use of iron for every purpose except that of roads, this, too, in face of a growth of numbers amounting to almost forty per cent.; that since the passage of Morrell tariff in 1861, production has gone so largely ahead of population that we are now daily substituting iron for the lumber that before had been so freely used; that the number of furnaces is at this moment being so largely increased as to give assurance of a production quadrupling in its growth that of population; that to cause that growth to become twice greater than the one now witnessed, we need only to give assurance to mine operators, land owners, furnace men, capitalists at home and abroad, that it is *our fixed determination* so to shape our policy as to relieve ourselves, and that at no distant day, from the necessity which now exists for laying waste our forests, as well as from an annual waste, by time and fire, of property *whose mere money value far exceeds that of all the iron and all the manufactures thereof*, now produced in Britain.

"Doing this, fellow-citizens, we shall make such demand for labor as will bring to the close neighborhood of our farmers tens of thousands of the iron workers of Europe; we shall relieve those farmers from a "tax" of transportation greater than would suffice to support the armies of the world; we shall add hundreds of millions to the money value of our lands; we shall so increase production as to enable each and all to contribute thrice more largely to the public revenue; we shall establish harmony among ourselves; we shall so closely knit together all the parts of the Union as to forbid the idea of future separation; we shall free ourselves from our present humiliating dependence upon men from whom we are now claiming satisfaction for depredations of the Alabama and the Shenandoah; we shall become the money lenders of the world instead of being, as now, the great money beggars; and, finally, we shall be enabled to say to the world, that the words of our president elect, "Let us have peace!" are meant by us to apply to the world at large, and that it is our fixed determination so to use the

great resources placed at our command as to bring to a close the destructive warfare by which the world so long has been, and still is being, desolated."

Such, as I think, would have been the words of a statesman such as, in your Report, you claim to be. Such, however, are *not* the words of that Report, their place being occupied with others expressive of the troubles of consumers of "tenpenny nails," suffering at the hands of furnace men who, as you assure your fellow-citizens, are so secured by protective duties as to enable them to obtain twice or thrice the rate of profit that might properly be assigned them. Desiring to reduce that rate, you propose the adoption of such measures as shall at once annihilate that faith in the future to which we stand now indebted for a duplication of our iron product in the short period that has elapsed since the passage of the tariff Act of 1861; and yet, could you but be persuaded to study carefully the teachings here below given of your fellow-laborers of the *Evening Post*, you would, as I think, discover that it is to the fact that iron production is now profitable to those engaged therein we are to look for such reduction of prices as will secure largely increased application of that material, with constant diminution in the necessity for using lumber in our various works of construction as the only one that is within our reach.

"It is not unreasonable to expect that, just as ships from every part of the civilized world have flocked to the Chincha Islands in search of Peruvian guano, so will they before long crowd the wharves of Charleston in quest of that element of guano found there, which has the most lasting value. This long-hidden source of wealth cannot fail to draw to this now forsaken port the enterprise and capital necessary for its regeneration, and for the establishment of permanent prosperity. A company in Charleston, which is now engaged in the preparation of a fertilizer of which these phosphates are the chief constituent, finds a ready market at \$60 per ton for this product. The cost of a ton of 2000 pounds, as they prepare it, is thus divided; 1400 pounds crude phosphate, \$5 60; 400 pounds sulphuric acid, \$12; 200 pounds ground animal refuse, \$1 50—total cost of material, \$19 10. The cost of manipulation may carry the entire outlay to \$25, which leaves a very wide margin for an increase in the cost of the phosphate. Either superphosphate of lime must become much cheaper, in consequence of this discovery, or the owners of the phosphate lands must become rapidly rich, FOR IT IS IMPOSSIBLE THAT SO LARGE A PROFIT AS \$35 PER TON CAN LONG BE MADE IN A MANUFACTURE IN WHICH THERE IS NO MONOPOLY."—*Evening Post*.

Of the perfect truth of the views thus presented no one can for a moment doubt. Liberal profits in the outset are the necessary preliminaries to cheap supplies of this valuable substance in all the future. Such being the case in regard to a commodity obtainable only from some few thousand acres, how infinitely more true must it be in reference to one that abounds in more than half the States of the Union, and so abounds as to make it certain that the day must come when we shall be the great iron producers of the world.

Leaving you to reflect on these suggestions, and to compare them with your own, I remain,

Yours respectfully,

HENRY C. CAREY.

HON. D. A. WELLS.

PHILADELPHIA, February 8, 1869.

LETTER SEVENTH.

DEAR SIR:—

Coming now to the *Cotton Trade*, we find the real facts to have been as follows:—

Consumption north of the Potomac, under the semi-protective tariff of 1824, 110,000 bales. Thenceforward, under the thoroughly protective tariff of 1828, we find it steadily rising until in the closing year of protection, 1835, it had reached 216,000, having nearly doubled in seven years, and its growth having been four times more rapid than that of population.

Seven years of the compromise and revenue tariff now follow, with an average consumption of 263,000, the closing year standing at 267,500, and showing an increase of 23 per cent., while population had grown 25 per cent. Of the crop of 1847–8, the closing years of protection under the tariff of 1842, the consumption was 531,000, having almost doubled in five years, and the growth having been nearly six times more rapid than that of population.

This, however, is by no means all, the growth south of the Potomac in this period having been great, and the prospect in the closing years above referred to having been such as to have led the editor of the *Charleston Mercury* to expression of a belief that before the lapse of another decade the South would have ceased to export raw cotton. Unhappily for him, and for his neighbors, Congress had then already cut the ground from under them, giving them a free trade tariff under which consumption was destined to go backward instead of forward.

Coming now to the closing years of that tariff we find it to have been as follows: of the crop of 1857–8, 452,000; 1858–9, 760,000; 1859–60, 792,000; total, 2,004,000; giving an average of 668,000, and exhibiting an increase of but 25 per cent., population meanwhile having grown nearly 40 per cent.

We see, thus, that while the power to purchase clothing increased with great rapidity in the two protective periods, it so declined under the anti-protective one as largely to increase the quantity that *must* be sent abroad in search of market. That such had been the case you have had full opportunity of knowing, all the facts having been time and again given to the world; and yet, most wonderfully, you have now staked your reputation on such a presentation of facts in regard to this great trade as is contained in the following words and figures, to wit:—

Increase in the domestic consumption of cotton, north of the Potomac; 1840, 297,000 bales; 1845, 422,000; 1849–50, 476,000; 1851–52, 588,000; 1855, 633,300; 1858–59, 760,000; 1859–60, 792,000.

For enabling you to obtain this regularity of growth, you had been required to *suppress* the progress upwards from 389,000 (not 422,000) in 1845, to 531,000 three years later; and then again to *suppress* one of the three closing years of the important revenue tariff period which commenced in 1848 and terminated with the rebellion, exhibiting through-

out its whole existence a series of expansions and contractions, of wild speculation on one hand, and financial crises on the other, whose general result had been that of so depleting the country as to have brought public and private revenues back to nearly the condition in which they had stood in the years which had preceded the terrific crisis of 1842.

Further even than this, by confining yourself exclusively to the northern movement, you have been enabled to *suppress* entirely the great Southern one which had had its origin under the protective tariff of 1842; which had, in four years carried up the Southern consumption from almost nothing to 100,000 in 1847-8; and which had then given so great promise as almost to have warranted the prediction of the *Mercury* above referred to. Twelve years later, in 1860, it had receded to 87,500, giving a loss of more than *twelve* per cent.; population meanwhile having grown *forty* per cent. Having carefully studied these facts, and having seen to what extent "legislative enactments" had thus stimulated into activity the slumbering energies of the South, you may, as I think, with great advantage, review your own "assertions," with a view to satisfy yourself how far they are in accordance with "historical truth."

2. Of the movement since the re-establishment of protection your general summary, intended for widest circulation, says *not a single word*. Turning, however, to your second page we find the statement that here is reproduced, to wit:—

"The number of cotton spindles in the United States, according to the census of 1860, was 5,235,727. From 1860 to 1864 there was little or no increase of cotton machinery, but possibly a diminution—many mills, under the great demand for army clothing, having been converted into establishments for the manufacture of woolens. The number of spindles, however, at present in operation, is shown by the recent returns of the American Cotton Manufacturers' and Planters' Association, to be about 7,000,000, a gain of 31.78 per cent. in from four to five years, and mainly since the termination of the war in 1865. An estimate, based on less perfect data, given in the last annual report of the Commissioner, fixed this increase at only from 15 to 20 per cent."

Why, however, is it that you have not added to this the fact, that the consumption is now at the rate of a million bales per annum, and tends rapidly to increase? Why have you not placed such figures side by side with those given above, and shown that whereas, the growth of eight years, under the tariff of 1846, had been but 204,000, that of the brief period since the peace, under protection, had been so rapid that the consumption was already one-half greater than had been that of the closing years of the free trade period? Had you, as in duty you were required to do, given these facts, and others that have above been furnished, would it have been possible for you seriously to make the "assertions" of the following paragraph here once again presented for your consideration?

"There does not seem to be any reliable evidence which can be adduced to show that the changes which took place in the legislative commercial policy of the country in 1846 had any permanent or marked effect whatever; while, on the other hand, the study of all the facts pertaining to national development from 1840 to 1860, and from 1865 to the present time, unmistakably teaches this lesson; that the progress of the country through what we may term the strength of its elements of vitality is independent of legislation and even of the impoverishment and waste of a great war. Like one of our own mighty rivers, its movement is beyond control. Successive years, like successive affluents, only add to and increase its volume; while legislative enactments and conflicting commercial policies, like the construction of piers,

* The ascertained consumption of the year ending at the close of August last was 881,000, and the real quantity probably more than 900,000.

and the deposit of sunken wrecks, simply deflect the current or constitute temporary obstructions. In fact, if the nation has not yet been lifted to the full comprehension of its own work, it builds determinately, as it were, by instinct."

3. The consumption of the closing years of the tariff of 1846 having been 668,000, we may now look to see how much of even that small quantity had been due to protection. The *growth* from 1829 to 1835 was, as has been shown, 116,000; that from 1843 to 1847-8, 264,000; total, 380,000. Adding now to this the original 110,000, we have a total of 490,000, leaving 178,000 as the total growth of the seven free trade years which ended in 1842, and the twelve such years which closed in 1860, giving an annual average of less than 10,000 bales, population meantime growing at the rate of millions annually, and the crop passing upwards from the 1,700,000 bales of the years 1839-42 to 4,700,000 of 1859-60. As a consequence of this the quantity forced on foreign markets grew with great rapidity, and with results to the cotton producing planters such as shall be now described.

The crop of 1814 was 70,000,000 pounds, the domestic consumption being nearly 30,000,000. The former increasing while the latter declined, there arose an increased necessity for pressing it on foreign markets, with the result here exhibited:—

Export 1815 and 1816,	average 80,000,000	product \$20,500,000
" 1828 and 1822,	" 134,000,000	" 21,500,000
" 1827 to 1829,	" 256,000,000	" 26,000,000

The quantity had now more than trebled, while the receipt had increased little more than 25 per cent. The prices here given being those of the shipping ports, and the quantity to be transported having so greatly increased, and having required so great an extension of cultivation, it is reasonable to assume that the planter gave 256,000,000 of pounds for no more money than six years previously he had received for less than a third of that quantity.

1830 to 1832,	average 280,000,000	\$28,000,000
1840 to 1842	" 619,000,000	55,000,000
1843 to 1845	" 719,000,000	51,000,000
1849	" 1,026,000,000	66,000,000

We have here nearly 940,000,000 of pounds to be transported, additional to the quantity of 1815-16, and from an area that, because of an unceasing exhaustion of the soil, had been enormously extended. Such being the case, it may be doubted whether the price received on the plantations had been more than twice as great as that received for 80,000,000.

1850-1851	pounds 781,000,000	\$92,000,000
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The great fact is here presented that the *less* cotton the planter sends to market, the *more* he obtains for it, while saving largely of the cost of internal transportation.

1852	pounds 1,093,000,000	\$88,000,000
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Here is an increase of 312,000,000 of pounds to be transported, accompanied with a diminution of gross receipt of \$4,000,000; and of net receipt that cannot be estimated at less than \$10,000,000. As compared with 1815-16, *the planter must have been giving five pounds for the price before received for one.*

The crop of that year had been 3,263,000 bales, and at that it remained, on an average of years, until 1858-9, the European demand steadily in-

creasing. So stationary a condition as regarded production, and continued for so long a period, should have brought a large increase of price, and yet, in 1859-60, the closing year of the free trade period, we find the planters giving 1,752,000,000 of pounds for \$191,000,000, being less than an average of 11 cents per pound for all, Sea Islands included.

The reverse of this is what is now exhibited, the war having brought with it diversification of pursuits, and the cotton grower raising his his own food instead of going abroad to buy it. As a consequence, the domestic demand now absorbs probably more than forty per cent. of the total product, leaving but half as much to be exported as was sent abroad in 1860; and the producer receiving *a hundred dollars* per bale, where before he had been obliged to content himself with an average of less than forty. *When the buyer finds himself compelled to seek the seller the latter it is who fixes the price.* That he is now enabled so to do would seem to be the effect of the "legislation" of 1861.

3. In the natural order of things the cultivator profits by improvements in manufacture; yet here, although each successive year had brought with it increased facilities for the conversion of cotton, we find the planter to have been, with great steadiness, giving more of it for less money. The cause, as we then were told, was that too much cotton was being produced, and the planters held meetings with a view to reduce the quantity; yet the cultivation extended with decline of price. Struggle as they might, the case was still the same, more cotton being given for less money, and that in spite of a great natural law in virtue of which the planter should have had, annually, more iron, more gold, more silver, more lead, and more of all the metals, for less cotton.

Adam Smith denounced the British system because it was based on the idea of cheapening the raw materials of manufacture. Therefore was it that it had been resisted by means of protective measures, by all the civilized nations of the world—America alone excepted. In all of them, consequently, raw produce had risen in price; while here alone, had been exhibited a civilized community in which raw produce had during half a century steadily declined in price—the farming and planting interests, strange to say, having been most consistent in the pursuit of a policy tending to diminish the quantity of money to be received in exchange for a bale of cotton or a barrel of flour. Barbarism grows in the ratio of the export of the rude products of the land, and consequent exhaustion of the soil—the raising of such products for distant markets being the proper work of the barbarian and the slave, and of those alone.

Protection looks to the prevention of such exhaustion, by bringing consumers to the side of producers and thus promoting the growth of wealth and civilization. That such has been its tendencies is clearly shown in the brief history of the cotton trade given above; given, too, in the belief that no one can study it without arriving at the conclusion, that had the tariff of 1842 been maintained in existence the South would soon have been filled with furnaces and factories, making that demand for labor which would have given freedom to the slave and enormous value to the land, and bringing with it that consciousness of the existence of a general *harmony of interests* which would have knitted North and South more closely together, and would have enabled us to avoid the great sacrifice of life and fortune that has resulted from the late rebellion.

Having studied carefully the facts here given, you may, as I think,

reconsider the "assertion" so hastily made, to the effect, "that the progress of the country through what we may term its elements of vitality, is independent of legislation."

Yours respectfully,

HENRY C. CAREY.

HON. D. A. WELLS.

PHILADELPHIA, February 10, 1869.

LETTER EIGHTH.

DEAR SIR:—

In your general summary our commerce with the exterior world is thus presented:—

"Exports and imports: In 1840, \$238,000,000; 1845, \$231,000,000; 1850, \$300,000,000; 1855, \$536,000,000; 1860, \$762,000,000."

The increase here exhibited is certainly worthy of note, but far more worthy, as it seems to me, would have been a presentation of the cost at which it had been secured. Had you desired to make such presentation, and so to make it as to enable your constituents finally to decide as to the direction in which they might find "historical truth," your words would probably have been as follows:—

"From 1845 to 1860, fellow-citizens, the combined amount of our exports and imports had, as you see, more than trebled, the great change thus exhibited having occurred, however, not as a consequence of growing *power* for maintenance of foreign commerce, but because of an absolute *necessity* for seeking abroad a market for commodities that we had not permitted our people to use at home. At the first of these dates our cotton product but little exceeded 2,000,000 bales, and the domestic consumption, under the protective tariff of 1842, was then so rapidly growing as to warrant a belief that the day was fast approaching when it would call for more than half the crop, thereby relieving our planters from all necessity for forcing their product on foreign markets, and for submitting to the arbitrary will of men whose profits grew as they were more and more enabled to fix for themselves the prices at which they would consent to purchase. From 1842-3 to 1847-8 the home demand, *North and South*, had grown from 267,000 to 630,000 bales, but at the close of the dozen free trade years of the tariff of 1846, it had so slightly grown as to have required but 755,000, although our numbers had almost forty per cent. increased. As a consequence, we had been then required to seek abroad a market for a quantity twice greater than that of the *whole crop* of the period for 1842, the dependence of our planters on the foreigner becoming greater with each succeeding year. Under such circumstances our shipping grew, of course, with great rapidity, as did the *quantity* of commodities carried abroad to be changed in form and then returned to us for our own consumption, but our soil became from hour to hour more and more exhausted; the general result of this extraordinary course of operation having been, that while possessed of soil and climate unequalled for production of this great staple, the total contribution to the commerce of the world, *abroad and at home*, of States with a population of 8,000,000, a territory of hundreds

of millions of acres adapted to the cotton culture, and so far as applied at all so applied, was less than that of single Northern States, and could scarcely be placed at a sum exceeding \$300,000,000.

"Seeking now another item of the cost at which had been obtained this growth of foreign intercourse, we find the great iron manufacture to have been so stricken down that whereas, in the period from 1842 to 1848 it had so rapidly advanced as to warrant the belief that but few more years would be required for enabling it to stand fully side by side with that of Britain, the closing years of this period of growing foreign commerce had exhibited it as having remained entirely stationary, notwithstanding the great increase of population above described.

"Looking once again, fellow-citizens, you will find a fearful item of cost in this, that while our exports, gold excluded, scarcely exceeded \$300,000,000, our farmers and planters were being 'taxed' for the maintenance of *two and a half millions* of registered tonnage employed in carrying a really insignificant money value of rude products to foreign markets. Add to the capital represented by this domestic shipping that represented by the vast quantity of foreign tonnage likewise so employed, and you will find, my friends, that *the total capital employed in the work of transportation must have closely approximated the annual value of the commodities carried*. Reflect then, I pray you, on the fact, that a single ship could bring from Europe cloths and silks sufficient to pay for the cargoes of a dozen carrying cotton, and that it must, therefore, necessarily have followed, that the whole burthen of maintaining this machinery was being borne by *our own farmers, our own planters, our own land holders*, and you will then be disposed to agree with me in the belief that, as a part of the cost of this great foreign commerce we might here set down a 'tax' of transportation, within and without our own limits, greater than would have then sufficed for maintaining all the armies of Europe.*

"Turning your eyes now in another direction, you find our commerce with the outer world to have been swelled in the closing years of the *prosperous* free trade period by an export of \$180,000,000 of gold, the withdrawal of which had been accompanied by paralysis so complete that mills and furnaces had been closed; that thousands and tens of thousands of working men had been reduced to a state of idleness; that immigration had tended almost to disappear; that small as had been the production of commodities for whose production either cotton or iron had been required, the supply had been greatly in excess of the demand; that power to contribute to the public revenue had become so much impaired as to render necessary the negotiation of large amounts of Treasury notes and bonds; and, that at the annual cost of *thousands of millions* of domestic commerce we had added *a couple of hundred millions* to the quantity of goods sent abroad, and as much to that which had been thence received.

"Throughout this unhappy period, fellow-citizens, railroads had largely increased in numbers and extent, its closing years presenting the extraordinary spectacle of a community possessed of more than thirty thousand miles of road; all of which it had been required to maintain in working order, its internal commerce meanwhile having so declined that shares in most important roads had been almost wholly

* At the moment here referred to France was exporting to the extent of \$300,000,000 of silks, cottons, and other finished articles, in so compressed a form that they could have been carried in fifty ships of 1000 tons each.

without price, while for the great majority the most that could have been obtained was from a fourth to a half of their original cost. That in the picture thus presented of the cost at which we had so much increased our dependence on foreign markets I do not at all exaggerate, proof is furnished in a paragraph written in 1848, accurately, as I think, presenting the facts of those British free trade years, as follows:—

“Looking, first, to our internal commerce, we find a mass of roads, most of which have been constructed by help of bonds bearing interest at the rate of 6, 8, or 10 per cent.—bonds that have been disposed of in the market at 60, 70, or 80 per cent. of their nominal value, and could not now, probably, be re-sold at more than half the price at which they were originally bought. Half made, and little likely ever to be completed, these roads are worked at great expense, while requiring constant and great repairs. As a consequence of this it is, that the original proprietors have almost wholly disappeared, the stock being of little worth. The total amount applied to the creation of railroads having been about \$1,000,000,000, and the average present money value scarcely exceeding 40, if even 30 per cent., it follows that \$600,000,000 have been sunk, and with them all power to make new roads. Never, at any period of our history, have we been in this respect so utterly helpless as at present. Nevertheless, the policy of the central government looks steadily to the dispersion of our people, to the occupation of new territories, to the creation of new States, and to the production of a necessity for further roads. *That, Mr. President, is the road to physical and moral decline, and political death, as will soon be proved, unless we change our course.*”

“The more carefully, fellow-citizens, you shall study the picture here presented, the more, as I think, will you become satisfied of the perfect accuracy of the prediction with which it closes, and which since has come so near to being realized. With every hour that you shall give to its consideration the more you must become satisfied that the nation which sacrifices its internal commerce in the hope of creating a great foreign one, is building an inverted pyramid that must in time topple over and fall to utter ruin, as had so nearly proved to be the case with us at the close of the dreary British free trade period to which your attention has been now invited.”

Having thus presented what, as it appears to me, you might with perfect regard to “historical truth,” have said of the years preceding the rebellion, I propose in my next to review what you have said of those by which it has been since succeeded.

Yours respectfully,

HENRY C. CAREY.

HON. D. A. WELLS.

PHILADELPHIA, February 11, 1869.

LETTER NINTH.

DEAR SIR:—

Passing from amid the gloom and darkness of the closing years of the free trade period above described, we come now to the brilliant sun-light of recent protective years, so well exhibited by yourself in the passage of your Report which here is given, as follows:—

“An analysis of the railway system of the United States, which has been made for the first time during the past year, presents us with results which, were they not founded on incontrovertible data, would seem fabulous. Thus the ratio of the gross

earnings to the cost of the railroads of the whole country for the year 1867 was equal to about 21 per cent. ; for the northern States about 23 per cent. The railroads of the country, therefore, now receive their cost in a little more than four years, and this ratio of gross earnings to cost is steadily increasing with the increase of the railway system and traffic of the country.

* * * * *

"The total amount of tonnage transported on all the roads of the country for the year 1851, is estimated by good authorities at not exceeding 10,000,000 tons. If from this we deduct 3,000,000 tons for coal and other cheap materials, and 1,000,000 tons for duplications, there will be left a merchandise tonnage of 6,000,000 tons in 1851, against 48,488,000 tons in 1867. The rate of increase in this period, therefore, has been equal to 100 per cent., and the actual increase 42,488,000 tons. At the estimated value of \$150 per ton, the increase in the value of the railway merchandise of the country in 16 years has been 6,373,200,000, or at the rate of \$400,000,000 per annum. And it should also be noted that one-half of this total increase has taken place in the seven years that have closed since 1860.

"The increased movement on the railways of the United States, which in the main represents increased product, also affords some indication of the progress of the development of the country. Thus, the earnings of the ten principal railway lines of the west exhibit for the first ten months of 1868 (with a decrease rather than an increase of freight rates) a gain of eight per cent. as compared with earnings of the corresponding months for the year 1861. Taking also the movements on the railways and canals of the State of New York, which are known to be accurate, and at the same time accessible, as a measure of comparison, for the whole country, we find that the total annual tonnage increased from 7,138,917 tons, in 1858, to 16,032,006, in 1868, an increase of 124 per cent. ; *while the annual value of the tonnage thus moved increased from \$486,816,505, in 1858, to \$1,723,330,207, in 1867, a gain of 254 per cent.*

"An examination of the railroad statistics of the whole country for the above period further indicates that during the ten years above referred to, or from 1858 to 1868, the increase of tonnage moved on the railways of the United States has been at a rate *sixteen times greater than the ratio of the increase of population.*"

The railroad corpse of 1860—the *Lazarus* of its day, a mass of offensive sores—has thus, as we see, been not only galvanized into life, but has been endowed with a life so vigorous as to be now generating children at a rate so rapid, that, as we learn from you—

"Since and including the year 1865, the year of the termination of the war, nearly 8,000 miles of railroad have been constructed in the United States, and the present ratio of increase is more than double the average of railroad history prior to 1860, (viz: 1,156 miles.)

"On the other hand," as you continue, "the average annual increase of railroads in Great Britain from 1860 to 1865 was only 571 miles, and in France during the same period 509 miles."

The change thus presented is the most marvellous of any elsewhere presented in the annals of the world. To what, it may now be asked, must these marvels be attributed? To any increase in the *quantity* of our exports of those raw products with which, and at constantly diminishing prices, whether measured in gold, lead, copper, or iron, we, before the war had been accustomed to deluge the little and contemptible market of Liverpool? Certainly not, *that* having, on the contrary, much diminished. Where else, then, shall the cause be sought? For answer to this question let me, if you please, again present another passage from your Report, being almost the only one, so far as I recollect, for the entire accuracy of which I should be disposed to make myself responsible before the world, as follows:—

"Within the last five years more cotton spindles have been put in operation, more iron furnaces erected, more iron smelted, more bars rolled, more steel made, more coal and copper mined, more lumber sawed and hewn, more houses and shops constructed, more manufactories of different kinds started, and more petroleum collected, refined, and exported, than during any equal period in the history of the country; and this increase has been greater both as regards quality and quantity, and greater than

the legitimate increase to be expected from the normal increase of wealth and population."

Compare this, I pray you, with the facts, that *the whole twelve years* of that British free trade period to which we stand indebted for the occurrence of the great rebellion, had presented an increase of cotton consumption of less than 10,000 bales per annum; that the iron production of the closing years of that unhappy period gave an average scarcely, if at all, exceeding that of 1847-8; that the iron consumption, for purposes of production, in those years had been actually less in quantity than in the corresponding years of its protective predecessor; that population had in the meantime increased nearly forty per cent.; that the demand for labor had so much diminished that our streets were thronged with men who begged because not permitted to labor; that immigration had, as a necessary consequence, almost died away; that in those years of profound peace, because of the inability of our people to purchase sugar, coffee, tea, cloth, iron, and other commodities, the treasury had been obliged totally to exhaust its credit by borrowing no less than \$70,000,000; that the export of gold in those closing years had amounted to no less than \$180,000,000; compare, I say, these results of a policy looking to the building up of a little foreign commerce on the ruins of a domestic one that *should* before that time have become the grandest, the most magnificent, the world had ever known, and under the tariff of 1842 *would* so have done, and you will have little difficulty in understanding why it had been that at the close of that dreary period the great railroad interest of the country should have been in the state of utter ruin presented to your view in the closing extract given in my last.

2. Such having been, and such being now the *real* facts, you might, as it seems to me, with great propriety, have placed before the railroad owners and railroad makers of the country that remarkable parliamentary document an extract from which was given in a former letter, exhibiting the "immense losses" incurred by British iron masters "in order to destroy foreign competition, and to gain and keep possession of foreign markets," following it up by comments such as those that follow, to wit:—

The wealthy British "capitalists" my fellow-citizens, who are thus engaged in "taxing" the world for maintenance of a great monopoly have their agents everywhere, and always prepared for combination with every little private or local interest for the removal of fancied grievances of which *they know themselves to be the cause*. What *they* desire, as they know full well, is that food may be cheap and iron high in price. What *you* have reason to desire, and what by means of protection our farmers are seeking to obtain, is that these latter may be enabled to obtain more spades and ploughs, and better means of transportation, in exchange for less and less of food. When, however, the farmer complains of the price of corn, he finds the agent close at hand, Mephistophiles-like, to whisper in his ear that but for protection spades and ploughs would be cheaper, while food would command a higher price. When the railroad manager needs iron, he points to the low price at which foreign rails may be purchased, wholly omitting to call his attention to the facts that *British prices are always low when American people build furnaces, and when American railroad companies make good dividends; and always high when American furnaces have been blotted out of existence, when their owners have been made bankrupt, and when American railroad stocks are of little worth*. In proof of this, I

now give you the following facts in reference to this important subject, as they present themselves in the several Reports on Commerce and Navigation, to wit:—

“At the close of the protective period, 1828–33—that one in which for the first time our iron manufacture made a great forward movement, and therefore the most prosperous one the country had ever known—the price at which British bar iron, rails included, was shipped to this country, was *forty dollars*.

“Eight years later, in 1841, when our mechanics were seeking alms; when our farmers could find no market; when furnaces and mills were everywhere closed, and their owners everywhere ruined; when States were repudiating, and the National Treasury was wholly unable to meet its small engagements; the *shipping price* of British bars had been advanced to *fifty dollars*.

“Eight years still later, in 1849, after protection had carried up our domestic product to 800,000 tons, and after the British free trade tariff of 1846 had once again placed our iron masters under the heel of the ‘wealthy English capitalist,’ we find the latter energetically using that potent ‘instrument of warfare’ by means of which he ‘gains and keeps possession of foreign markets,’ and shipping bars at THIRTY DOLLARS per ton. In what manner, however, was our railroad interest then paying for a reduction like this, by means of which they were being enabled to save on their repairs a tenth or a twentieth of one per cent. on their respective capitals? Seeking an answer to this question, I find, my friends, on comparison of prices in February 1848 and 1850, of thirteen important roads, that in that short period there had been a decline of *more than thirty per cent.*! This may seem to have been paying somewhat dearly for the whistle of cheap iron; and yet it is but trifling as compared with information contained in a paragraph of the same date now before me, in which are given the names of numerous important roads whose cost had been very many millions of dollars, but which, ‘*from prices quoted, and those nearly nominal, seem,*’ as it says, ‘*to be of little or no value—not enough, nor one-fourth enough, to pay interest on the sums advanced for their creation.*’

“At the close of another term of similar length, say in 1857, we find a scene of ruin more general than any that had been witnessed since the years of that British free trade period which terminated with the general crash of ’42, when railroad stocks were almost worthless. What, however, was the price at which British iron masters were *then* willing, now that they had so effectually crushed out competition, to meet the demands of railroad managers? Were they still ready to accept \$30 per ton as the shipping price? Did they *then* manifest any desire to help the friends who had so largely aided them in ‘gaining and keeping possession’ of this American market? Far from it! The more that railroad stocks went down, as a consequence of failure of the domestic commerce, the more determined did the British masters of our American stockholders show themselves, Shylock-like, to exact ‘the pound of flesh.’ In that unhappy period the shipping price of bars was \$48, and that of railroad iron \$42, the average having been FORTY-FOUR DOLLARS, or nearly fifty per cent. advance on the prices accepted in 1849, when our foreign lords and masters had been engaged in ‘*overwhelming all foreign competition in times of great depression,*’ and thus ‘*clearing the way for the whole trade to step in when prices revived, and to carry on a great business before foreign capital could again accumulate so as to be able to establish a competition in prices with any chance of success.*’

"Twice thus, at intervals, had you had low British prices and great American prosperity as a consequence of that policy under which American competition for the *sale* of iron had largely grown. Twice, at similar intervals, had you had high British prices and universal American depression as a consequence of the re-adoption of that system under which you had been compelled to compete in a foreign market for the *purchase* of British iron. Twice, thus, had you been 'brayed' in the British free trade mortar, and twice had our transporters found prosperity by aid of those protective measures to which you have always shown yourselves so much opposed. Your British free trade experience would seem thus to have been a somewhat sad one.

"Looking now around, we see *railroad stocks selling for a thousand millions that would not, ten years since, have sold for four hundred millions*. What has caused this wonderful change? The re-creation, by means of a protective tariff, of a great internal commerce, *and nothing else*. Under that tariff mines have been opened; mills and furnaces have been built; demand has been created for labor and labor's products; commerce has grown; and road proprietors have participated with farmers in the advantages resulting from the creation of that great domestic market to which we stand now indebted for the extraordinary fact, that whereas in the closing years of the last free trade period, 1858-60, with 31,000 miles of railroad, the tonnage had been less than 8,000,000, that of the past year has exceeded 16,000,000, the annual value, meanwhile, having so increased that whereas the money value of the 8,000,000 of former years had been less than \$500,000,000, that of the 16,000,000 of the later ones has been no less than 1,723,000,000!

"The more, my friends, that you shall study these great facts, the more must you become satisfied that your present prosperity has resulted from the pursuit in recent years of a policy tending to make a home demand for the country's labor and the country's products, and to bring about that full development of our wonderful mineral wealth to which we are, and that at no distant period, to be indebted for *a perfect control of the commerce of the world*. To that end there remains, however, much that is yet to be done. Large as is now our own production you are still dependent on foreigners for hundreds of thousands of tons of rails, and other hundreds of thousands of tons of iron that *should* be made at home, and that long since *would* have been so made, had men like you, interested in roads, fully appreciated the fact that *rail road shares grow in value precisely as the domestic commerce grows, and decline in value precisely as that commerce declines*. Had they done so in the past they would long since have so volunteered to say, as now they ought to say, that regard for their own private interests, as well as for those of the nation at large, required of them to go hand in hand with those engaged in the great iron manufacture, giving to it such complete protection as would have the effect of satisfying other capitalists, abroad and at home, that they might safely proceed to the building, *here*, of other furnaces and other rolling mills, and to the development of the millions upon millions of acres in which coal and iron so much abound. So doing, you would be preparing for a scene of prosperity among yourselves the like of which the world till then had never seen, and would have the satisfaction of knowing that your own large profits were then resulting from the adoption of measures whose effect had been that of doubling the productive powers of our people, while giving to the State that industrial and political independence, without which it can never attain to that commanding position which would enable it to

say to the rest of the family of nations that peace, and not war, must in the future be allowed to prevail throughout the world."

To all this you may, perhaps, object, that there is not to be found in it a single word in relation to the fancied troubles of men who use "boiler plate and tenpenny nails;" or to other of the little facts which occupy so large a space in your voluminous Report. Such certainly is the case, and for the reason that the man who is here supposed to have made this little speech had arrived at the reasonable conclusion that when mills and engines, villages and cities, increase rapidly in number and in size, the men who make machinery generally profit thence, *the harmony of all the real and permanent interests of the various portions of society being so perfect as to leave no room for the petty discords which you have sought to place in such bold relief.*

Yours respectfully,

HENRY C. CAREY.

HON. D. A. WELLS.

PHILADELPHIA, February 14, 1868.

LETTER TENTH.

DEAR SIR:—

The protective policy looks to bringing the consumer to the side of the producer and thus relieving the farmer and the planter from the burdensome "tax" of transportation—that "tax" which takes precedence of all claims either of the landowner or the State. The more thoroughly those great objects can be accomplished the greater is the increase in money value of labor, land, and the products of both; the more does the laborer in the field tend to take his place side by side, in point of freedom and of compensation, with the skilled artisan of the workshop; the more does agriculture tend to become a science; the more fruitful becomes the field; the larger becomes the domestic commerce; the greater becomes the power to maintain a profitable foreign commerce; the greater is the ability of all to contribute to the public revenues; and the more rapid is the tendency towards a real national independence.

That such have been the results obtained under the protective system which now exists would seem to be proved by facts which you yourself have furnished as here presented:—

THE CONTINUED INCREASE IN THE AGRICULTURAL PRODUCT OF THE UNITED STATES, WHETHER MEASURED BY QUANTITY OR VALUE.—The aggregate crops of the Northern States for 1867 were believed to be greater than those of any previous year, while the crops for the past year are known to exceed in quantity and quality those of 1867.

In the State of Ohio the recent increase of sheep, hogs, and cereals is reported as follows:—

Number of sheep in 1865 . . . 6,305,796 Number of sheep in 1868 . . . 7,580,000

In the eight years last past the sheep of Ohio are reported as having more than doubled.

Number of hogs in 1865 . . . 1,400,000 Number of hogs in 1868 . . . 2,100,000

Cereal crops, including wheat, corn, and oats:—

1865 . . 107,414,278 bush. 1866 . . 118,061,911 bush. 1868 . . 141,000,000 bush.

The commercial return of the number of hogs packed at the West since the season of 1864-5 is as follows:—

1865-66 1,705,955 1866-67 2,490,791 1867-68 2,781,084

This latter number was, however, exceeded during the first three years of the war.

The present ratio of the increase of the crop of Indian corn for the whole country is put by the best authorities at an average of three and one-half per cent. per annum. The crop of 1859 was returned by the census at 830,451,707 bushels, and, adopting the above ratio of increase, the crop of 1868, acknowledged to be a full one, must be estimated at 1,100,000,000 bushels, and if sold at the assumed low average of 46 cents per bushel, would net over \$500,000,000.

As respects the agricultural products of the Southern States, the returns collected by the association of cotton manufacturers and planters before referred to, show that the crop of 1867-8 was at least 2,500,000 bales, or about 65 per cent. of the average crop for the five years immediately preceding the war; while for the year 1868-9 the estimates are generally in favor of 2,700,000 bales. The results of the two crops upon the interests of the South will, however, be materially different. During the crop year 1867-8 the South did not raise food sufficient for its own subsistence, and a large part of the proceeds of the cotton of that year were used for the purchase of food, and also to repay advances for the previous purchase of stock and implements. This year, 1868-9, the South has raised food in excess of its necessities, and the proceeds of nearly the entire crop may be considered in the light of a surplus for future development.

The following are the estimated cotton crops of the South since the termination of the war: 1865-66, 2,154,476 bales; 1866-67, 1,954,988 bales; 1867-68, 2,498,895 bales; 1868-69, estimated 2,700,000 bales.

The culture of rice at the South, which at the termination of the war practically amounted to nothing, has also so far been restored that the product of the present year is estimated at 70,000 tierces; an amount probably sufficient for home consumption, and giving certain promise of a speedy renewal of the former extensive exports of this article.

The following is an estimate of the tobacco crops of the United States since 1850, prepared by a committee of the trade for the Committee of Ways and Means, at the first session of the 40th Congress:—

1850	201,350,663 lbs.	1865	183,316,953 lbs.
1853	267,353,082 "	1866	325,000,000 "
1854	177,460,229 "	1867	250,000,000 "

Further proof of the beneficial effects of a protective policy are furnished in your own remarkable statement, that while the *quantity* of commodities carried by our railroads had increased in 1868, as compared with 1858, in the proportion of 9 to 4, their *money value* had grown in the proportion of no less than 14 to 4—the *four hundred and eighty-six millions* of annual value of the unhappy closing years of that free trade period which ended in the clouds and darkness of 1861, having given place to the *seventeen hundred and twenty-three millions* which represent the brilliant sunlight of protection in the year which has just now closed.

That protection has thus greatly improved the condition of both farmer and planter is a fact that you yourself have thus placed beyond the reach of question. In what manner, however, has it affected that of the mechanic and the laborer? Have *they* gained or lost under a policy that has thus tended to raise the price of food? To this question the answer is, that the status of the whole class of workingmen is fixed by that of the laborer in the field. The greater *his* reward, the greater is the attraction towards agriculture, and the larger must be the *bonus* offered by the workshop, a fact with which you yourself are so well acquainted that you have, in conversation with myself, presented it as an obstacle standing in the way of our industrial development. So far, however, is this from constituting any real obstruction, that it is in that direction, and that alone, we have to look for further progress. Freedom of the body and the mind—development of the moral and the intellectual facul-

ties—grow with the growth of *competition for the purchase of labor*. That such competition now exists is proved by your own presentation of agricultural progress here now placed side by side with the industrial phenomena which you yourself have furnished; the two most happily combining for establishment of the great fact that there really is a perfect harmony of all real and permanent interests, and that the discords you have presented have no existence except in your own imagination.

“Within the last five years”—years of protection, as you have omitted to advise your readers—

“more cotton spindles have been put in operation, more iron furnaces erected, more iron smelted, more bars rolled, more steel made, more coal and copper mined, more lumber sawed and hewn, more houses and shops constructed, more manufactories of different kinds started, and more petroleum collected, refined, and exported, than during any equal period in the history of the country; and this increase has been greater both as regards quality and quantity, and greater than the legitimate increase to be expected from the normal increase of wealth and population.”

Competition for the purchase of labor having thus wonderfully increased, there *should* have been a great improvement in the condition of the whole body of the people who had that commodity to sell. The reverse of this, however, as you assure us, is the fact, the actual condition of workmen at the moment when so many mills, houses, and factories are being built, so many roads are being made, and so many farms are being cleared, being really worse than it had been in the closing years of the last destructive free trade period, when mills and mines stood closed; when furnaces were out of blast; when machine-shops were idle; when houses everywhere stood untenanted; when laborers by tens and hundreds of thousands were wholly without employment; when manufacturers and merchants alike were being bankrupted; and when the sources of public revenue had so greatly failed that to meet the public expenditure, trivial as by comparison it then had been, there had existed a necessity for creating in three short years a public debt of \$70,000,000.

Strange as such an “assertion” would seem to be, still more strange are the facts by means of which this great “historical truth” is sought to be established, tables being given by means of which it is now clearly proved, that whereas it costs weekly the large sum of \$17 to maintain two parents and *one* child, the same parents and *six* children can be as well provided for at the much smaller cost of \$13 50! When, however, a *seventh* child comes to be added, the cost of the family at once almost doubles, the \$13 50 forthwith rising to \$25! “Assertions” such as these can, excuse me for saying it, be no otherwise regarded than as supremely ridiculous, finding their parallel only in the efforts of British economists to prove that labor is always best paid at that period in the progress of society when population is small and employment, as we know, only occasional, presenting in proof thereof the *harvest* wages of the middle ages, and comparing *them* with the price of wheat, then a luxury that the laborer never tasted!

2. Turning now to another part of your Report, we find evidence counter to all this in the following passage, in which the italics are my own, to wit:—

“But whatever may be the force of specific examples, it is equally certain that a consideration of the whole subject will show that no material reduction of importations—certainly none proportionate to the means employed—can be effected through any practicable increase of the existing tariff. This will appear evident when we re-

flect, that the articles which constitute a very considerable part of the value of importations are not articles of strict luxury, which can be dispensed with at will, but articles whose consumption the people will not relinquish except upon the pressure of extreme poverty or necessity; or others which are absolutely essential to the continuance of great branches of domestic industry. Thus, for example, the four articles of tea, coffee, sugar, and molasses, constituted nearly one-third of the net value of the imports for the fiscal year 1867-68, exclusive of bullion and specie. Their consumption, moreover, is not only constantly and rapidly increasing with every increase of wealth and population, but the whole drift of popular sentiment is unmistakably inclined to favor a much larger importation through a reduction of the existing tariff. Another large class of articles, as the various dye-woods and dye materials, crude India-rubber, soda-ash, bleaching powders, guano, lumber, sulphur, hides and horns, hatters furs, ivory, raw silk, gums, rags, jute, saltpetre, tin, &c., are so essentially the raw materials of great branches of domestic industry, that while any interruption of their importation could only be attained at the expense of national decadence, an increased importation would infallibly indicate an increase of national prosperity. On these two classes of articles alone, the increase in the value of imports growing out of perfectly legitimate and natural causes, will probably be sufficient during the next three years, to fully counterbalance any reduction in the value of imports which might be effected through any changes which it would be possible to make in the tariff in respect to all other articles of foreign growth and importation. Thus, for example, the increase in the consumption of imported sugars for the year 1868 is reported as full sixteen per cent. above the consumption of the preceding year, while for the year 1869 an increase of at least ten per cent. is anticipated."

To all this you might, as it seems to me, very properly have added, that our consumption of cotton which had grown in the free trade years 1835-42 and 1848-60, at the rate of but *ten thousand bales per annum*, has grown in the last four years at the rate of *eighty-five thousand*, and promises soon to exhibit *an annual increase equal to the whole hundred and seventy thousand of the NINETEEN years in which we were so busily engaged in the effort at building up a little foreign commerce on the ruins of a great domestic one*. Again, you might have told your constituents that for every yard of woolen cloth that had been used in the closing years of the last unhappy free trade period, we were now consuming two or more; that of iron applied to the production of stoves, ploughs, harrows, "tenpenny nails, boilers," or other machinery by means of which labor was to be lightened, or comfort increased, our consumption had already doubled and promised soon to be more than trebled; and so you might, as I think, have said in relation to all commodities required for promoting the convenience, comfort, or enjoyment of life.

Who, now, are the people whose consumption has so much increased? Are they to be found among the rich? Shall we look for them among the men of "fixed incomes," whose deteriorated condition you so much deplore? Do you, yourself, know any single man belonging to those classes of society who finds himself led to consuming more sugar, tea, coffee, cotton or woolen cloth, than he had done before? It is safe, as I think, to say, that you could scarcely name even a single one. Where then shall they be sought? Is it not among farmers the prices of whose land and labor have been so much increased by reason of having the market brought nearer to the place at which the food is being produced? Is it not among laboring men who are building dwellings for themselves where before they had had no means with which to pay the mere rent of buildings owned by others? Is it not among the mechanics who now so largely increase their deposits in our saving-funds as preparatory to the purchase of houses; or, as the means of securing to their children and themselves support in case of accident? Is it not among thousands and tens of thousands of the gentler sex, the demand for whose services is now so great that, as you have yourself informed me, they find them-

selves enabled in the summer season to withdraw from work and seek a little mountain or sea-side recreation?

For answer to all this you tell us, that the farmer receives too much money for his corn and his pork; the woodchopper too much for his lumber; the miner too much for his coal; the furnace man too much for his iron; and that, as a necessary consequence, we are unable to send shoes, cars, and other finished commodities, abroad to be exchanged for wool, hides, and gutta percha. As a remedy we must, as you think, look to Canada for food and lumber; to Nova Scotia for coal; to Britain for coal and iron; thereby diminishing demand for the country's labor, and greatly diminishing its now, as you think, excessive money value.

Why, however, have you here *suppressed* the figures required for proving the truth of such "assertions"? Why is it, that you have failed to tell your constituents that, exclusive of flour, butter, cheese, lard, oils, metals, and other partially manufactured articles, those which now represent our export of manufactures are *nearly double* those of the *brilliant* closing years of the last free trade period, having risen from an average of \$40,000,000, to over \$78,000,000 for 1867 and 1868?

Why, I here repeat the question, have these important facts been so wholly suppressed? Is it for the reason that they alone furnish so complete a refutation of your free trade arguments?

Leaving you now to study these questions and to reflect how far the answers they must command can be made to harmonize with your "assertions," I propose to proceed now to an inquiry as to the influence exercised by protection on the one hand, British free trade on the other, on the important question of immigration.

Yours respectfully,

HENRY C. CAREY.

HON. D. A. WELLS.

PHILADELPHIA, February 15, 1869.

LETTER ELEVENTH.

DEAR SIR:—

All commodities tend to go *from* those places at which supply is in excess of demand and prices are low, *to* those at which, demand being in excess of supply, prices are high. None tend to leave these latter to go toward the former. So, too, is it with labor power, all men desiring to place themselves where compensation is high, and none desiring to leave such places to go to those in which wages are low. Such being the case, we may, perhaps, find in an examination of the *immigration question* means for determining as to how the condition of miners, mechanics, and working men generally, had been affected by "legislation:" whether it had improved under protection on one hand, or British free trade on the other. In making this inquiry it is needed to observe that it is not until the third year after a change of policy has been made that its effects, upward or downward, begin to make themselves seriously manifest in reference to this important question, increase or diminution of demand for labor going on gradually at home for a year or two, still another being then required for enabling knowledge of

this change to make its way among those poor and uninstructed classes of Europe from among whom we have to look for supplies of men.

The protective tariff of 1829 had but fairly commenced to do its work in 1831, and it was not until 1832 that its effects exhibited themselves in the arrival of 45,000 persons, being fourfold the average of the decade through which the country just then had passed. Thenceforth the figures show an almost regular rise, as follows: 1833, 56,000; 1834, 65,000; 1835, 53,000; 1836, 62,000; 1837, 78,000; giving a total of 359,000 resulting from six years of protection, against 140,000 for the ten British free trade and semi-protective years by which that tariff had been preceded, and an average annual increase of nearly 46,000.

Of all machinery the most valuable is that of a well-grown man. To produce such a machine involves an average expenditure in food, clothing, and shelter, of not less than \$1000. When made, it is capable of doubling, trebling, and quadrupling itself, not only in numbers, but in mental power, becoming thus more and more valuable from year to year; whereas, machines of wood or iron decay, become antiquated, and gradually pass from use. The *free gift* by Europe, annually, of these 46,000 human engines may therefore be regarded as having been of greater value to the country than would have been that of \$46,000,000 of machinery of any other kind, and as showing a gain, in this direction alone, *resulting from protection*, of \$276,000,000.

From and after 1837 the movement was irregular, but the general result, to and including 1844, showed a diminution, the average having been but 75,000.

Why was this? Simply, because British free trade had not only prevented increase of mills, furnaces, and other industrial establishments, but had to so great an extent closed those previously existing that our streets had become filled with men who asked for alms because they could not be allowed to work; and because thousands and tens of thousands, disappointed and disheartened, had returned to their early homes, prepared to teach their countrymen that starvation there was preferable to the starvation that here awaited them. One such man sufficed to stop the emigration of extensive neighborhoods.

Counter news arriving in 1844, and men learning everywhere how great, under the protective system of 1842, had here become the demand for labor, and how liberal its reward, we find the arrivals now running up from the 74,000 of 1844 to 102,000 in 1845; 147,000 in 1846; 240,000 in 1847; 229,000 in 1848; and 300,000 in 1849, giving a total of 1,018,000 in the five years which followed the commencement of the movement, against one of less than 400,000 in the five by which that movement had been preceded—giving a gain under protection of more than \$600,000,000.

Had the tariff of 1828 been allowed to continue in existence, the tendency throughout the succeeding twenty years would certainly have been regularly upward, giving us, at the close of that period, at the smallest calculation, an immigration exceeding by millions that which actually did take place; and all these people would, from the moment of their arrival, have been customers to our farmers, making a market for food thrice greater than that afforded by the whole of Europe. Prosperity would then have reigned throughout the land, and we should have avoided the need for a general bankrupt law on one hand, while on the other, we should have escaped being compelled to send to Europe commissioners instructed to borrow, at almost any rate of interest,

money for the public use, as the sole remaining means of avoiding public bankruptcy on the other.

Estimating at but \$1000 per head the invaluable machinery of production thus shut out by the Carolinian tariff, we have here a *loss that counts by thousands of millions*, to be added to those already exhibited as having resulted from failure to appreciate the fact that domestic commerce constitutes the basis on which a foreign commerce must rest, and that any attempt at building up this latter on the ruins of the former must end in utter failure.

The gain in this direction, under the tariff of 1842, having been \$600,000,000, we have that amount of capital, in excess of previous years, added to our resources; that capital, too, multiplying itself so rapidly as at the close of another decade to have stood at twice the amount imported. Parents and children demanding food, while yet producing none, the market is thus brought home to the farmer, enabling him and his to treble, in this protective period, their consumption of cotton and of iron, while making such demand for tea, sugar, coffee, and other commodities as greatly to augment the public revenue.

2. California treasures being now brought to light and gold becoming most abundant, the new El Dorado attracts hosts of foreigners until in 1854 we find the immigration to have numbered more than 400,000. Thenceforth, however, a change is seen, gold going out by hundreds of millions to pay for labor employed abroad, and Europeans abstaining from emigration to a country in which mines were ceasing to be opened, furnaces ceasing to be built; and to which iron by hundreds of thousands of tons was being sent to be here exchanged for the precious metals. What was the double movement then performed is shown in the following figures:—

	Gold exported.	Immigration.	Diminution as compared with 1849.
1858	33,000,000	123,000	176,000
1859	57,000,000	119,000	181,000
1860	58,000,000	150,000	150,000
1861	30,000,000	89,000	211,000
1862	37,000,000	89,000	211,000
	<hr/> 215,000,000	<hr/> 570,000	<hr/> 929,000

The loss, as here exhibited, of the closing years of the British free trade period, as compared with the closing one of the brilliant period of the tariff of 1842, at \$1000 a head, is \$929,000,000, but were I here to add the great numbers who then re-emigrated, it would exceed \$1,000,000,000.

No one, as I think, can study these facts without arriving at the conclusion that if the tariff of 1842 had been allowed to stand, we should in the decade preceding the rebellion have imported 2,000,000 more of people; produced several millions more of children; made millions upon millions more of iron; carried up our consumption of cotton to more than half the crop; quadrupled the money value of the land and labor of the country; carried the slave rapidly onward towards freedom; and attained for the nation that political independence which has in all other countries grown with the growth of industrial independence. Abandoning that system and crippling our domestic commerce, a thousand millions were expended in the effort to obtain means of transportation from the valley of the Mississippi to the little and worthless markets of Liverpool and Havre, the result exhibiting itself in a diminution of productive power so great as to have necessitated large creation of both

private and public debt; in a growth of slave power so great as to have led to the rebellion; and in a general weakness so extreme as to have caused the national existence to become dependent on the will of the governments of France and England.

Such had been the price at which we had acquired that great foreign commerce in which little short of \$300,000,000 of capital, in the form of ships, had been required for carrying to the manufacturing nations of Europe that annual \$300,000,000 of rude products to which, under the tariff of 1842, would have been given a value of *twice a thousand millions to be sent to all the various countries of the outside world, thereby giving us a commerce that would have been productive of strength and not of weakness.*

The larger the immigration the greater is the tendency to have the cost of transportation divided between the inward and outward cargoes, men being returned on the cotton ships. Under the tariff of 1842 the tendency was in the direction of substituting the import of men for that of iron, and thus throwing the "tax" of transportation upon other nations. Under those of 1846 and 1857 we substituted an import of cloth and iron for one of men, paying the "tax" ourselves, thereby impoverishing our people while enriching traders who have since rejoiced at our troubles, and who now regret the "Cause" that has been "lost," well knowing it to have been the British free trade one.

Having studied these facts, and that they *are* facts you know as well as I, you may, perhaps, be disposed to reconsider your "assertion" as to the influence on the past that has been exerted by "legislation."

3. Long continuance of the exhaustive process above described had been productive of almost universal discord, as a consequence of which we have now to enter upon a period of civil war, in the course of which hundreds of thousands of lives and thousands of millions of money are required as offerings on the altars of British free trade. Happily, the distress of the closing years of the anti-protective policy had, before the breaking out of the rebellion, compelled return to that system to which, in the few brief years from 1829 to 1835, and from 1842 to 1847, we had been indebted for *the whole* increase of our iron production; and for *nearly the whole* of that of cotton. Happily for us, mines had been opened, furnaces and mills had been constructed in the North. Happily for us, the South had persistently refused to avail itself of the wonderful mineral resources of Virginia, Tennessee, the Carolinas, and Alabama, as well as of its extraordinary advantages for the production of cotton cloth. Still more happily, British iron-masters and the British people generally, were led to hail the rebellion as a free trade revolution, and refused to give us credit, thereby throwing us on our own resources, and compelling us to do that which we should long before have done—LOOK AT HOME. Thenceforth, therefore, mines and mills were rapidly re-opened; houses and mills were built; and there was again created a demand for labor the like of that which had been seen in the years of the tariffs of 1828 and 1842, the result exhibiting itself in an immigration that in lieu of the 89,000 of the closing years of the British free trade period, has given the following figures, to wit, 1863, 174,000; 1864, 176,000; 1865, 248,000; 1866, 314,000; 1867, 312,000; 1868 (estimated), 300,000; total in six years, 1,524,000.

Large as is even this quantity, it presents by no means the increase that really has taken place. The arrivals from Canada, and through the St. Lawrence from Europe, have been so numerous that by their help the number would certainly be carried up to 1,800,000, giving an

annual average of 300,000, and exceeding by more than 200,000 that of the closing year of the British free trade period. The gain in this direction alone, compared with the same number of free trade years, is very moderately estimated at \$1,200,000,000 ; or more than half that public debt which has resulted from blind pursuit of a British free trade policy, and with which we now are burthened.

This *excess* of \$1,200,000,000 has been *presented to us in free gift*, and for the reason that we have now manifested some little determination to make at home the iron and the cloth required for domestic use. To that capital, and to that determination, we stand now indebted for the facts thus furnished by yourself, here once again presented for your careful consideration :—

“ That within the last five years more cotton spindles have been put in operation, more iron furnaces erected, more iron smelted, more bars rolled, more steel made, more coal and copper mined, more lumber sawed and hewn, more houses and shops constructed, more manufactories of different kinds started, and more petroleum collected, refined, and exported, than during any equal period in the history of the country ; and that this increase has been greater both as regards quality and quantity, and greater than the legitimate increase to be expected from the normal increase of wealth and population.”

4. The facts thus presented throw more light on the question you have ventured to discuss than any others that could be mentioned, and yet, your only reference to this most important subject, in the summary intended for general circulation, is in the words that follow, to wit :—

“ Increase in immigration, 1840, 84,000 ; in 1845, 174,000 ; in 1850, 310,000, in 1854, 427,000.”

You here *suppress* the facts, that taking the average of the free trade years of which 1840 had been a part, there had been a decrease and *not* an increase ; that 1845 had been but the first year of recovery, in this direction, from the horrors of 1842 ; that thenceforward, under protection, the movement had been steadily upward, having already reached 240,000, so early as 1847 ; that the growth from 1850 to 1854 had been simply a result of the discovery of a new *El Dorado* ; that thenceforward there had been a decline until in the closing years of the free trade period it had fallen below a single hundred thousand ; and finally, that since the re-adoption of protection the growth had been so rapid as to warrant the idea that, but for the disturbing movements of the Treasury throughout the last three years, it would before this time have reached half a million, making an annual addition to our capital of more than \$500,000,000.

Why is it that facts so important have been thus *suppressed* ? Why is it that you, a public officer, charged with most important duties, have so misrepresented the general movement ? The answer to these questions is, as it appears to me, that if you had given all as they really had occurred, it would have been quite impossible for you to venture the “ assertion ” contained in the following paragraph of your Report here once more reproduced for your consideration :—

“ There does not seem to be any reliable evidence which can be adduced to show that the change which took place in the legislative commercial policy of the country in 1846 had any permanent or marked effect whatever ; while, on the other hand, the study of all the facts pertaining to national development from 1840 to 1860, and from 1865 to the present time, unmistakably teaches this lesson ; that the progress of the country through what we may term the strength of its elements of vitality is independent of legislation and even of the impoverishment and waste of a great war. Like one of our own mighty rivers, its movement is beyond control. Successive

years, like successive affluents, only add to and increase its volume; while legislative enactments and conflicting commercial policies, like the construction of piers and the deposit of sunken wrecks, simply deflect the current or constitute temporary obstructions. In fact, if the nation has not yet been lifted to the full comprehension of its own work, it builds determinately, as it were, by instinct."

Leaving you to reflect upon this suggestion, I shall proceed to an examination of the *Revenue Question*.

Yours, respectfully,

HENRY C. CAREY.

HON. D. A. WELLS.

PHILADELPHIA, February 18, 1869.

LETTER TWELFTH.

DEAR SIR:—

The few facts in regard to the *Revenue Question* given in your Report are in the few words that follow, to wit:—

"Increase in the public revenue: 1840, \$19,000,000; 1845, \$29,000,000; 1850, \$52,000,000; 1855, \$74,000,000."

The regular advance that is here, by aid of selected facts, exhibited is very beautiful, and would seem to furnish proof of your "assertion" that "the progress of the country through what may be termed the strength of its elements of vitality is independent of legislation." To what extent the whole mass of facts tends in that direction it is proposed now to examine, commencing with that first British free trade period which so closely followed the conclusion of the peace of Ghent in 1815.

The war had stimulated the growth of manufactures, and to so great extent as to have warranted a belief that the day of industrial independence was then already near at hand. But little later, however, there came a "legislation" whose result was that of closing everywhere mills, mines, and factories; destroying the domestic market for food, cotton, wool, and all other of the rude products of agriculture; involving in one common ruin farmers, manufacturers, and mechanics; and causing a large portion of the real estate of the country to change owners under the sheriff's hammer. Customs duties which in 1817 had yielded \$26,000,000, gradually declined until, in 1821, their product had fallen to but \$13,000,000; the average of the three years that followed having been but \$18,000,000. As a natural consequence of this, "receipts from loans and treasury notes," figured once again conspicuously in our finance reports, \$8,000,000 having been borrowed in 1820-21, and \$10,000,000 in the closing free trade years, 1824-25.

Under the semi-protective tariff of 1824 we find a change, labor coming once again into quick demand, and the increased power of our people to contribute to the Treasury needs now carrying up the customs revenue to \$23,000,000, being nearly a third more than the amount then just before yielded by its free trade predecessor. With 1828, however, came real protection, and with it evidence of a *perfect harmony in the interests of the people and the State*, customs receipts growing steadily until in 1832 they had reached the enormous amount of \$28,000,000, bringing therewith an absolute necessity for measures calculated to diminish the public revenue. Tea, coffee, and numerous other articles not com-

peting with our domestic products, were then released from duty, proof thus being furnished of the perfect truth of the doctrine that to efficient protection it is we are to look as the only road by which to reach an entire freedom of external commerce.

Large as had been the reduction thus made the revenue still continued to increase, the receipts from customs for 1833 having attained the figures of \$29,000,000, bringing therewith a necessity for depleting the Treasury by means of payment, at par, of that only portion of the public debt which still remained, to wit, that held in Holland, amounting to many millions, on which the interest had been only three per cent.

That protective "legislation" had thus proved itself capable of furnishing the road to financial independence for both the people and the State, and that it had greatly benefited every portion of the community, is shown in the following passage from a speech of Mr. Clay, of February, 1832, the perfect truth of every word of which must be admitted by all now living who had had occasion to witness, as I myself did, the marvellous change then accomplished by a few short pages of that "legislation" which you now profess to regard as being of so very slight importance:—

"Eight years ago, it was my painful duty to present to the other House of Congress an unexaggerated picture of the general distress prevailing the whole land. We must all yet remember some of its frightful features. We all know that the people were then oppressed and borne down by an enormous load of debt; that the value of property was at the lowest point of depression; that ruinous sales and sacrifices were everywhere made of real estate; that stop-laws and relief laws, and paper money, were adopted to save the people from impending destruction; that a deficit in the public revenue existed, which compelled Government to seize upon, and divert from its legitimate object, the appropriations to the sinking fund to redeem the national debt; and that our commerce and navigation were threatened with a complete paralysis. *In short, sir, if I were to select any term of seven years since the adoption of the present Constitution which exhibited a scene of the most wide-spread dismay and desolation, it would be exactly that term of seven years which immediately preceded the establishment of the tariff of 1824.*

"I have now to perform the more pleasing task of exhibiting an imperfect sketch of the existing state of the unparalleled prosperity of the country. On a general survey, we behold cultivation extended, the arts flourishing, the face of the country improved, our people fully and profitably employed, and the public countenance exhibiting tranquillity, contentment, and happiness. And if we descend into particulars, we have the agreeable contemplation of a people out of debt; land rising slowly in value, but in a secure and salutary degree; a ready though not extravagant market for all the surplus productions of our industry; innumerable flocks and herds browsing and gamboling on ten thousand hills and plains covered with rich and verdant grasses; our cities expanded, and whole villages springing up, as it were, by enchantment; our tonnage, foreign and coastwise, swelling and fully occupied; the rivers of our interior animated by the perpetual thunder and lightning of countless steamboats; the currency sound and abundant; the public debt of two wars nearly redeemed; and, to crown all, the public treasury overflowing, embarrassing Congress not to find subjects of taxation, but to select the objects which shall be liberated from the impost. *If the term of seven years were to be selected, of the greatest prosperity which this people have enjoyed since the establishment of their present Constitution, it would be exactly that period of seven years which immediately followed the passage of the tariff of 1824.*

"This transformation of the condition of the country from gloom and distress to brightness and prosperity, has been mainly the work of American legislation fostering American industry, instead of allowing it to be controlled by foreign legislation, cherishing foreign industry. The foes of the American system, in 1824, with great boldness and confidence, predicted, first, the ruin of the public revenue, and the creation of a necessity to resort to direct taxation; the gentleman from South Carolina (Gen. Hayne), I believe, thought that the tariff of 1824 would operate a reduction of revenue to the large amount of eight millions of dollars; secondly, the destruction of our navigation; thirdly, the desolation of commercial cities; and fourthly, the augmentation

of the price of objects of consumption, and further decline in that of the articles of our exports. Every prediction which they made has failed, utterly failed. *Instead of the ruin of the public revenue with which they then sought to deter us from the adoption of the American system, we are now threatened with its subversion by the vast amount of the public revenue produced by that system.* As to the desolation of our cities, let us take as an example, the condition of the largest and most commercial of all of them, the great northern capital. I have, in my hands, the assessed value of real estate in the city of New York, from 1817 to 1831. This value is canvassed, contested, scrutinized, and adjudged, by the proper sworn authorities. It is, therefore, entitled to full credence. During the first term, commencing with 1817 and ending in the year of the passage of the tariff of 1824, the amount of the value of real estate was, the first year, \$57,790,435, and after various fluctuations in the intermediate period, it settled down at \$52,019,730, exhibiting a decrease in seven years of \$5,779,705. During the first year of 1825, after the passage of the tariff, it rose, and gradually ascending throughout the whole of the latter period of seven years, it finally, in 1831, reached the astonishing height of \$95,716,485! Now, if it be said that this rapid growth of the city of New York was the effect of foreign commerce, then it was not correctly predicted, in 1824, that the tariff would destroy foreign commerce and desolate our commercial cities. If, on the contrary, it be the effect of internal trade, then internal trade cannot be justly chargeable with the evil consequences imputed to it. The truth is, it is the joint effect of both principles, *the domestic industry nourishing the foreign trade, and the foreign commerce in turn nourishing the domestic industry.* Nowhere more than in New York is the combination of both principles so completely developed."

2. Passing now to the Carolinian compromise tariff of 1833, we enter on a scene of discord the precise parallel of that presented by the free trade period which had found its close in 1824. As on that occasion, the public revenue was for a brief period in excess of the expenditure, but passing onward we find receipts from customs gradually decreasing as the domestic commerce died away, until in 1840 they had fallen to the half of those of 1832, "receipts from loans and Treasury notes" meanwhile gradually making their appearance, until for 1841 they had reached the sum of \$14,000,000. Adding this to similar receipts in the four previous years we obtain a total of \$52,000,000 as the then amount of public debt; yet trifling as it was, the public credit had now so entirely disappeared as to make it necessary, as has before been stated, to send to Europe Messrs. Macalester and Robinson as Commissioners, empowered there to negotiate a loan to the paltry extent of ten or a dozen millions. Trifling as was the amount—less, as I think, than that of the three per cent. debt paid off some years before, and paid by means of efficient protective "legislation"—so entirely had prostration of our domestic commerce destroyed confidence abroad and at home that those gentlemen, after knocking at the doors of all the principal banking houses of Europe, returned without having obtained even a single dollar. General bankruptcy of the people and bankruptcy of the Treasury had thus resulted from but little more than half a dozen years pursuit of the policy now so strongly urged upon us by Manchester and Glasgow manufacturers; by those British iron-masters to whom we have in the past been so much indebted for that "warfare" by means of which "a few of the most wealthy capitalists" have been enabled to "destroy foreign competition and to gain and keep possession of foreign markets;" and by that whole British nation of which we are now claiming satisfaction for depredations committed on the ocean, a fair estimate of which would be twice greater than the annual amount, at the close of the last British free trade period, of that foreign trade at whose altar we had made a sacrifice of domestic commerce to such extent that it would even then have counted by thousands of millions.

The revenue having so far failed in 1841 Congress found itself com-

pelled in that year to restore the list of duty-paying articles tea, coffee, and many other commodities that had been freed in 1832, thereby furnishing proof conclusive that the road to real freedom of trade was *not* to be found in the direction of importing cloth, iron, and other articles for whose production our soil and climate, and the genius of our people, had so well been suited. So entire, however, was the depression, so universal was then the waste of labor power, and so great the general poverty of our people, that even with this addition the customs yielded but \$18,000,000 against the \$29,000,000 of 1833, although population had fully a third increased. Such having been the case, Congress now found it necessary to give to the country that beneficent tariff of 1842 under which external commerce sprang once again into life, filling the Treasury, the great domestic commerce meanwhile making prompt demand for all that labor power of which the waste in the few preceding years had counted by thousands of millions of dollars.

How this great measure was received by your present friend, the *Evening Post*, and what were the predictions of its editors as to its effect upon the people and the public revenue, are shown in the fact that immediately upon its passage, they assured their readers that it would "annihilate all commerce;" that it would not be "allowed to subsist a single year;" that the wants of the revenue "would require its repeal;" that it was "a black tariff;" that it would "impoverish the laborer," "oppress the consumer," and "tax all classes" but those favored ones who, as you yourself now say of the lumber men, the pig-iron men, and others, were to profit by "restraining the importations and reducing the revenue."

How much of truth there was in all this is shown in the fact that the customs revenue of 1843, '44, and of the remaining protective years, proved to be nearly twice greater than had been that of the free trade of 1841, such having been the result of a protective policy by means of which our people had been enabled to use their own home-made cloth and iron, and to sell their own labor, thereby acquiring the means with which to pay for sugar, tea, coffee, and other products of distant countries. Search the history of the world and you can find no parallel, except perhaps in the one above so well described by Mr. Clay, to the marvellous change that had been then effected by a little "legislation."

3. The country was, however, for our British friends, entirely *too* prosperous. It was becoming industrially and politically independent, and that did not suit the views of the great "capitalists" who so long had been accustomed to "destroy foreign competition." Neither did it suit that great Slave Power which so long had been accustomed to look to the West for supplies of food. The greater the product of iron the less would become the need for sending corn, pork, and flour to the South, to be there, by means of slave labor, converted into cotton. Hence arose the fact that that great measure of independence, the admirable tariff of 1842, was, like its predecessor of 1828, and like it at the close of but four years of existence, superseded by that pro-slavery and British free trade measure of 1846 to which we stand to-day indebted for all the horrors of the late rebellion.

This, of course, was hailed as a *real revenue measure*. Protection had tended, as we were assured, to destroy the revenue, and therefore had protection been itself destroyed. For the moment, as before in 1836, the revenue *did really* increase, and in aid of such increase came now the great discovery of California treasures, making large demand for labor, and for the moment carrying up immigration to the extra-

ordinary extent of 400,000. That point passed, however, we speedily arrive at a repetition of the ruin of all previous free-trade periods, 1857-60 giving the same decline of custom revenues, and same need for loans, that had been witnessed in 1840-42; as that before had given a second edition of the private and public bankruptcy of 1818-23.

The average customs revenue of these four years was \$45,000,000, exceeding by little more than fifty per cent. that of the closing years of the tariff of 1828. That of the final year, when the paralysis had scarcely as yet commenced to do its work, was but \$39,000,000, exceeding that of 1833 by but about *thirty-five per cent.*; population meanwhile having grown from less than fourteen to nearly thirty-three millions, giving an increase of *a hundred and twenty per cent.*

Protection being restored in 1861, the domestic commerce again, as in 1830-33, and as in 1843-48, revived, bringing with it great power for contribution to the customs revenue. As a consequence of this we find this latter to have grown *almost four hundred per cent.*, population meanwhile having increased but *twenty-five per cent.* Which now, I pray you, is THE REAL REVENUE TARIFF? That one which destroys the domestic commerce, or that which, by stimulating that commerce and with it the demand for labor, enables all to consume, or use, more largely of tea, coffee, sugar, cottons, woollens, "tenpenny nails, boilers," steam engines, houses, railroad cars, and all other things tending to promote the convenience and comfort of life?

4. Leaving you to reflect upon this important question, I now turn once again to the exhibit of public revenue presented in your Report, copied in the outset of this present letter. Turn to it yourself, I pray you, and then, if you can, give to your constituents answers to the questions that will be now propounded, as follows:—

Why is it that you have *suppressed* the fact that the customs of the, so-called, revenue tariff year 1840, had been *less* than those of the closing years of the protective period 1828-33, by more than thirty per cent., the population having meantime more than twenty-five per cent. *increased*?

Why have you *suppressed* the decline of customs revenue in the free trade years that had followed your *selected* year 1840?

Why have you *suppressed* the fact that the growth of 1855 resulted wholly from large receipts of California gold?

Why have you totally *suppressed* the calamitous free trade years that followed 1855—saying not a word of that unhappy closing year 1860, elsewhere so frequently referred to?

Why is it that you have said nothing of that poverty of the Treasury which had made it necessary to borrow more than \$70,000,000 in the three years of profound peace which ended June 30, 1860, and therefore preceded all apprehension of civil war?

Why is it that the closing years of *every* anti-protective tariff have exhibited scenes of public and private bankruptcy and ruin?

Why is it that the closing years of all former protective tariffs have exhibited scenes of prosperity corresponding so precisely with those now furnished by yourself, the result of the protective policy now existing?

Why was it—if, as you assert, "a tariff is a tax—that the protective tariff of 1828 so increased the revenue as to render necessary the absolute enfranchisement of tea, coffee, and many other articles, from payment of any "tax" whatsoever?

Why was it that the anti-protective tariff of 1832 so decreased the revenue as to render necessary the re-imposition of all such taxes?

Why is it that among the disagreeable bequests of the anti-protective

tariffs of 1846 and 1857 is to be found a necessity for now raising annually hundreds of millions of revenue by means of "taxes" upon so many articles produced at home and needed for the convenience and comfort of life?

Why is it that your Report is in all respects so precisely in accordance with the views and wishes of those great British "capitalists" who are accustomed, "in their efforts to gain and keep foreign markets," to distribute money so very freely among those of our people who are supposed to be possessed of power to influence public opinion?

Leaving you to reflect on all these questions, I remain,

Yours respectfully,

HENRY C. CAREY.

HON. D. A. WELLS.

PHILADELPHIA, February 18, 1869.

CONCLUSION.

DEAR SIR:—

You have advised your constituents that—

"As respects the relation of legislation by the national government to the results under consideration, if we except the adoption of a liberal policy in the disposition of the public lands, it is difficult, at least for the period which elapsed between 1840 and 1860, to affirm much that is positive, unless, in conformity with the maxim, that that government is best which governs least, absence of legislation is to be regarded in the light of a positive good. If important results followed the acquisition of California, such results were certainly neither foreseen nor anticipated, while as regards commercial legislation, a review of all the facts cannot fail to suggest a doubt whether the evils which have resulted from instability have not far more than counterbalanced any advantage that may have proceeded from the experience of a fluctuating policy."

That fluctuations of policy are to be avoided is very certain, but what, I beg to ask, are those of which you have now been led to speak? Are they to be found in the changes forced upon us in 1824, '28, '42, and '61, by the almost universal ruin, public and private, of the closing years of those British free trade periods which commenced in 1817, in 1835, and in 1846? Are they not rather to be found in those several *abandonments of American policy* which led to the ruin of 1820, '23, of 1841, '42, of 1857, '61? To one of those systems of policy, the one American, the other British, you here object, but to which of them you are thus opposed you do not clearly state. Which is it? Are you in future to stand before the world as advocate of the great British capitalists who would compel our farmers to make all their exchanges in Liverpool; or of the farmer himself who seeks to have the market brought so near to home as to enable him to free his land and himself from that terrific "tax" of transportation by means of which he, in the past, has been so nearly ruined? We have here a very important question, and that you may be enabled to answer it with satisfaction to yourself, I propose now to furnish "a review of all the facts" that have thus far been developed, to wit:—

British free trade almost crushed out the great iron manufacture in the period from 1817 to '24; paralyzed it in that from 1835 to '42; and did the same in that from '48 to '60.

American freedom of commerce, resulting from protection against the

"warfare" of British "capitalists," more than trebled the iron production from 1824 to '33; did the same from 1842 to '48; and has doubled it since 1861.

British free trade never permanently added a single ton to the iron production in the whole thirty years of its existence.

American freedom of commerce has added 1,500,000 tons in the less than twenty years that the country has been ruled by the tariffs of 1828, '42, and '61.

British free trade closed the cotton mills that had been brought into existence during the war for freedom of navigation, and for sailors' rights, which commenced in 1807 and found its close in 1815. It wholly arrested progress in the period which closed in 1842; and almost wholly in that which ended in '60; doing this in despite of that great discovery of California treasures by means of which the cotton manufacture should have trebled.

American freedom of commerce doubled the cotton consumption in the period ending in '33. It almost trebled it in that ending in 1847-8. It has added fifty per cent. thereto in the last four years, and promises soon to exhibit an increase so great as to make a home demand for half the crop.

British free trade prevented the growth of either the iron or cotton manufacture in the South, and thus prevented that diversification of employments which would peacefully and profitably have given freedom to the slave, while increasing tenfold the value of land.

American freedom of commerce gave to the South a cotton manufacture that in 1847 was of the highest promise. It now proposes to give to it every variety of manufacture, thereby greatly aiding the cause of freedom, while largely increasing the fortunes of those who own the land.

British free trade bankrupted merchants and manufacturers, and filled our cities with paupers in 1820, 1842, and 1860.

American freedom of commerce gave prosperity to merchants and manufacturers, and profitable employment to the laborer, in the periods which closed with 1835 and 1848; and is now doing the same under the protective tariff of 1861.

British free trade prevented immigration in the period preceding effective action of the tariff of 1828. It paralyzed it in that which closed in 1843-4. It had almost annihilated it in that which closed in 1861-2.

American freedom of commerce quadrupled immigration in the period controlled by the protective tariff of 1828. It quadrupled it again under that controlled by the tariff of '42; and it has now been more than trebled under the tariff of '61.

British free trade almost annihilated the railroad interest in the period which closed with 1842. It did the same in that which closed with 1861.

American freedom of commerce gave new life and vigor to the same interest in the period from 1842 to '48. To a far greater extent it has done the same under the tariff of 1861.

British free trade, throughout its several periods of existence, has looked to crushing out the domestic commerce; to increasing the necessity for seeking distant markets; and to throwing on our farmers all the "tax" of transportation.

American freedom of commerce has sought to bring the market to the farmer's door, thereby freeing him from all such "tax," while throwing

on the foreign manufacturer all the expenses standing between his market and himself.

British free trade, throughout its whole existence, subjected our farmers to taxes so heavy that to a frightful extent their properties, in 1818-23, 1840-42, and 1857-60, changed hands under the sheriff's hammer.

American freedom of commerce, in all its several periods, has given prosperity to the farmer; and has already so far relieved him from the "tax" of transportation that, and for the first time in our history, he is now almost everywhere free from the burthen of mortgage and other debts.

British free trade gave us the financial revulsions of 1818-23, 1837-42, 1857-60; ruining merchants and manufacturers; almost annihilating public and private revenues; making the rich everywhere richer and the poor everywhere poorer; and forcing the Treasury to the creation of burthensome debts.

American freedom of commerce filled the Treasury to repletion in the period ending in 1835, and saved it from bankruptcy in 1842. It found the Treasury empty in 1861, and since then has supplied it with the means of making the most gigantic war recorded in the annals of the world.

British free trade, throughout, has looked to making Liverpool the hub of a great wheel of which American railroads were to be the spokes, as a necessary consequence of which there was no cohesion among the parts of which the Union had been composed. Of this discord, rebellion, civil war, were the unavoidable results.

American freedom of commerce looking, as it always *has* looked, to the creation of a great net-work of roads, tends toward bringing all the States into close communion each with every other, and thus establishing that complete *harmony of interests* to which alone can we look for perpetuation of the Union.

2. Such is the "review" for which, in the extract from your Report above given, you have seemed to call. Having studied it, and having satisfied yourself that it contains nothing that may not be "accepted as historical truth," you may, perhaps, be prepared to furnish answers to the following questions, to wit:—

Why is it that, if protection be really adverse to freedom and to the general prosperity of our people, immigration always grows with such rapidity when protection is most complete?

Why is it that, if British free trade be really favorable to freedom, men who previously had come among us with intent to stay, have always in free trade times so largely re-emigrated to Europe?

Why has it been that in the last few years hundreds of thousands of Canadians have abandoned their free trade country, and have preferred to settle in these benighted and protected States?

Why is it that of the emigrants who arrive at Quebec and Montreal, and who have the choice between free trade on the one hand and protection on the other, nearly all prefer to take the latter, selecting homes in our Western States?

Why is it that Nova Scotia and New Brunswick are almost in a state of rebellion, because of their feeling of the absolute necessity for closer connection with these protected States?

Why is it that nearly the whole population of Ireland would desire to fly from British freedom of trade and seek for homes in this now partially protected country?

Why is it that British emigration to Australia diminishes, and that

to us increases, almost precisely as our protective policy is made more and more complete?

Why is it that Australia, after a most severe political contest, has just now elected a protectionist parliament?

Why is it that furnaces are built and mines opened in protective times, and abandoned in British free trade times?

Why is it that when we build furnaces, and open mines railroads are always profitable to their owners, and capital is easily obtained for the construction of new lines of road?

Why is it that when mines and furnaces are abandoned railroad property so far declines that it becomes most difficult to obtain the means for building further roads?

Why is it that financial crises, resulting in the ruin of trade, are the *never failing* accompaniments of the British free trade policy?

Why is it that such crises never occur in periods of protection?

Why is it that the deposits in our saving funds so much increase in times of protection, and so much diminish in those of British free trade?

Why is it that Sheriff's sales are so numerous in British free trade times, and so few in number in those of protection?

Why is it that British free trade periods always end in almost total failure of public revenue and almost total bankruptcy of the treasury?

Why is it that protective tariffs are so favorable to increase of public revenue, and to reduction of the public debt?

Why is it that a protective tariff now produces annually nearly as much revenue as was obtained by aid of an anti-protective one in the whole period of Mr. Buchanan's administration?

Why is it that the Republican party—the party of liberty, of equal rights, of intelligence, and of sound morals—is so generally favorable to the protective policy?

Why is it that British free trade doctrines are so universally popular among men who believe in the divine origin of slavery—among sympathizers in the late rebellion—among foreign agents—among ignorant foreigners—and among the dangerous classes throughout the Union?

Why is it that, now that it diversifies its industry by raising its own food, the South obtains more for 2,000,000 bales of cotton than before it had received for 4,000,000?

Why is it that when the refining of our oil, thus fitting it for consumption, gives us now almost our only real free trade, the same results would not be obtained, and, on a much larger scale, by finishing our cotton and fitting it also for consumption?

Why is it that France, in making her last treaty with England, established a tariff more intelligently protective than our own?

Why is it that the maker of that treaty, Mons. Chevalier, had been led to tell his countrymen that—

"Every nation owes to itself to seek the establishment of diversification in the pursuits of its people, as Germany and England have already done in regard to cottons and woollens, and as France herself has done in reference to so many and so widely-different kinds of manufacturing industry. Within these limits," as he further says, "it is not an abuse of power on the part of the Government; on the contrary, it is the accomplishment of a positive duty so to act at each epoch in the progress of a nation as to favor the taking possession of all the branches of industry whose acquisition is authorized by the nature of things. Governments are, in effect, the personification of nations, and it is required that they exercise their influence in the direction indicated by the general interest, properly studied, and fully appreciated."

Why is it that, small as are its natural advantages, France, the country

par excellence of protection, has been enabled to establish a foreign commerce so vastly greater than our own?*

Why is it that Germany, the country that has most persistently carried into effect the policy of protection, now stands in the lead of Europe, although so recently a mere collection of loose fragments, ready to be moved about in whatsoever direction might be most agreeable to France or England at one moment, Russia or Austria at another?

Why is it that our Union, at the close of a long course of policy directly the reverse, has recently with such difficulty escaped being broken into fragments?

Why is it that British policy, that policy whose imitation is urged upon us by all the advocates of that anti-protective system which has invariably resulted in destruction of the revenue, has so entirely crushed out of existence that whole race of small British proprietors "whose touch," according to Arthur Young, "turned sand into gold?"

Why is it that the British agricultural laborer has, by means of that policy, been reduced to a condition so nearly akin to slavery as to have before him no future but the poor house?

Why is it that all the countries of the earth which find themselves compelled to submit to the, so-called, free-trade policy now urged upon the world by British traders, are this day in little better than a state of ruin?

Leaving you to furnish answers to these important questions, I here close this protracted review of your labors with the request that you read once again the following passage of your Report, and that you then determine with yourself how far its broad "assertions" are to be regarded as making any approach towards "historical truth;" how far, too, the Report itself is such an one as we had a right to expect from a man who, holding a most important office, had been fully informed of the fact that money was being unsparingly used by British manufacturers in the effort now being made for perpetuating our industrial dependence as the most efficient mode of preventing the growth of political independence.

"Study of all the facts pertaining to the national development from 1840 to 1860, and from 1865 to the present time, unmistakably teaches this lesson; that the progress of the country through what we may term the strength of its elements of vitality is independent of legislation and even of the impoverishment and waste of a great war. Like one of our own mighty rivers, its movement is beyond control. Successive years, like successive affluents, only add to and increase its volume; while legislative enactments and conflicting commercial policies, like the construction of piers and the deposit of sunken wrecks, simply deflect the current or constitute temporary obstructions. In fact, if the nation has not yet been lifted to the full comprehension of its own work, it builds determinately, as it were, by instinct."

Is there in all this a single word that you will now venture to re-assert? I doubt it much.

Yours respectfully,

HENRY C. CAREY.

HON. D. A. WELLS.

PHILADELPHIA, February 20, 1869.

* The average total of French foreign commerce for the last three years has been nearly \$1,600,000,000, equivalent to more than \$2,000,000,000 of our currency.

EXTRACT FROM A SPEECH OF THE HON. WILLIAM D. KELLEY, DELIVERED IN THE HOUSE OF REPRESENTATIVES, FEBRUARY 4TH, 1869.

"While recounting the manifold blessings that period brought to the working people of the country, the gentleman from Ohio reminded me that the working people were docile in that year (1860), and indulged in no strikes either for higher wages or against a reduction of their pay. He said:—

"It was a year of plenty, of great increase. I remember, moreover, that it was a year of light taxes. There was but one great people on the face of the globe so lightly taxed as the American people in 1860. Now we are the most heavily taxed people, except one, perhaps, on the face of the globe; and the weight of nearly all our taxes falls at last on the laboring man. This is an element which the gentleman seems to have omitted from his calculation altogether.

"The gentleman says that at the present time laborers are doing better than in 1860. I ask him how many strikes there were among laborers in 1860-61? Were there any at all? And how many were there in 1868? Will the gentlemen deny that strikes exhibit the unsettled and unsatisfactory condition of labor in its relations to capital? In our mines, in our mills and furnaces, in our manufacturing establishments, are not the laborers every day joining in strikes for higher wages, and saying that they need them on account of the high price of provisions, or that the capitalists get too large a share of the profits?"

"The gentleman has my thanks for bringing this significant fact, so destructive of his own argument and that of Mr. Wells, to my attention. He knows that it was not until Jeshurun waxed fat that he kicked; and he ought to know that unemployed workmen, who had drawn the last dollar from the savings bank, and parted with furniture in exchange for food and fuel, were not in a condition to strike, and had no employers whose decrees they might resist. I need no more powerful illustration of the absurdity of the assertions of the Commissioner than the fact that the workingmen of to-day, in contrast with their abject condition in 1860, find so wide a market for their labor, and are so comparatively easy in their condition, that when their rights or interests are assailed they are able to offer resistance to the assailant.

"Our positions are fairly taken, and as the condition of savings banks furnishes the truest and most general index to the condition of the laboring people, the facts I am about to present will overthrow him who is in error. Be the judgment of the general public what it may, I am confident that the memory of every American workingman who remembers the experience of 1860 will sustain me in this controversy. Having shown the loss of depositors and deposits in the only banks from which I could obtain information on those points in or about 1860, let me compare the condition in these respects of the same banks in 1867 and 1868:—

State or City.	Year.	Increase in number of depositors.	Increase of deposits.
New Hampshire	1867	4,967	\$2,672,150 05
New Hampshire	1868	7,476	2,705,242 01
Massachusetts	1867	31,740	12,699,319 40
Massachusetts	1868	34,501	14,406,752 83
Rhode Island	1867	6,845	3,651,934 11
Rhode Island	1868	4,429	2,984,988 81
Philadelphia	1867	2,460	579,746 03
Philadelphia	1868	2,234	761,901 00
		94,682	\$40,462,034 24

"The contrast these figures present to those of 1860 does not give the Commissioner's theory much support, and casts a shade of doubt over the accuracy of the position taken by the gentleman from Ohio. It may, however, be regarded as excep-

tional, and I therefore propose to present a broader range of facts, embracing the amount of deposits in the banks of Maine, New Hampshire, Massachusetts, Newark, New Jersey, and the only institution at Philadelphia from which I have been able to obtain this information for the years 1860-61 and 1867-68. I have sought for corresponding facts from all the other New England States and New York, but have not been able to obtain them. These tables are, therefore, as complete as industry and the broadest research possible in so limited a period could make them. As, however, they present so general a correspondence for both periods it is fair to presume that they indicate the condition of the savings banks and their depositors throughout the country. The total amount of deposits in these banks in 1860-61, 1867-68, was as follows:—

	1860.	1861	1867.	1868.
Maine . . .	\$1,466,457 56	\$1,620,270 26	\$5,998,600 26	\$8,132,246 71
New Hampshire	4,860,024 86	5,590,652 18	10,463,418 50	13,541,534 96
Massachusetts .	45,054,236 00	44,785,439 00	80,431,583 74	94,838,336 54
Rhode Island .	9,163,760 41	9,282,879 74	21,413,647 14	24,408,635 95
Philadelphia .	4,083,450 28	2,251,646 46	5,003,379 42	5,765,280 63
Newark . . .	{ 1,687,551 51	1,539,932 34	{ 4,405,726 46	5,430,874 60
	{ 253,826 72	269,182 67	{ 1,116,762 26	1,338,596 94
			{ 325,920 57	468,160 74
	<hr/>	<hr/>	<hr/>	<hr/>
	\$66,569,307 34	\$65,330,002 65	\$128,759,038 32	153,823,667 07
	65,330,002 65			128,759,038 32
Decrease . . .	\$1,239,304 69		Increase	\$25,064,628 65

"This exhibit is as unfortunate for the Commissioner's facts and theories as that which preceded it, for they show that in spite of all his rhetoric about the crudities and oppressive character of the legislation of Congress the deposits in these banks, which fell off so largely in his season of prosperity, have increased \$25,064,628 65 during the last year, and that the aggregate deposit at the close of 1868, his disastrous period, is largely more than double that of 1860, which he says was so prosperous. In the pursuit of a complete comparative table for these four years I have obtained an amount of information which, though it does not relate to the particular years alluded to, will not be without interest to the House and the country, and I will therefore proceed to present the figures with as much method as I can.

"Through the kind assistance of the honorable gentleman from the Troy district, New York (Mr. Griswold), I have authentic statistics from the savings-banks of his State; and though we were unable to obtain the figures for the years 1861 or 1868, I can present the number of depositors, the total amount of deposits, and the amount deposited during each year for the years 1860, 1866, and 1867. They were as follows:—

Year.	Total number of depositors.	Total amount of deposits.	Total deposited during the year.
1860	300,693	\$67,440,397	\$34,934,271
1866	488,501	131,769,074	84,765,054
1867	537,466	151,127,562	99,147,321

"From Vermont I have been able to obtain only the total amount of deposits for 1867 and 1868. They were as follows:—

Year.	Total amount of deposits.
1867	\$1,898,107 58
1868	2,128,641 52

"From Connecticut I have only been able to obtain the total amount of deposits for 1860, 1861, and 1866. They are as follows:—

Year.	Total amount of deposits.
1860	\$18,132,820 00
1861	19,377,670 00
1866	31,224,464 25

"Thus the figures derived from every quarter are consistent with each other, and the contrast between the condition of things that prevailed between 1857 and 1861—for the return to which the Commissioner sighs—and that, from 1861 to the close of 1868, which he so deprecates, is in itself sufficient to show the grotesque absurdity

of his theory, that the head of every family could save money and make deposits in 1860, and that none but unmarried people could do so in 1867 and 1868. Let me repeat his language on this point:—

“Unmarried operatives, therefore, gain; while those who are obliged to support their own families in hired tenements lose. Hence deposits in savings-banks increase, while marriage is discouraged; and the forced employment of young children is made almost a necessity in order that the family may live.”

“The country will hardly believe that when every head of a family among the laboring people of New York could save money the whole number put at interest but \$34,000,000 per annum, and that when their condition had been so sadly impaired by the unwise legislation of Congress that people feared to marry because their wages would not enable them to support families, they deposited \$99,000,000 annually, or nearly three dollars for one, and that the number of depositors nearly doubled, and the total amount on deposit to their credit ran up one hundred and twenty-five per cent.

“Thus, in defiance of the Commissioner’s facts, heartily as they are indorsed by the gentleman from Ohio, the returns from savings-banks prove that, with our labor protected and a cheap and expanded currency, our small farmers and workingmen have been able to lay up hundreds of millions of capital, upon which they receive interest and for their support in age or adversity. They are happily corroborated by other facts, which in a striking manner prove the superiority of the present condition of the classes of people to which I allude over that to which the Special Commissioner of the Revenue would lead them back. While accumulating capital in savings-banks they have felt themselves able to make still more ample provision for their families after they shall have been called away by the dread summoner, death.”

After showing by equally exact figures the wonderful increase in life insurance, the honorable speaker thus proceeds:—

“When people in addition to laying up money at interest are insuring their lives, they are living well; but when, as in 1860, past accumulations in savings-banks are running down, and they are wasting their time in enforced idleness, they cannot live well and contribute freely to the support of the Government. Accept the recommendations of the Commissioner and you will paralyze industry, reduce wages, throw the producing classes upon their deposits for support, and deprive them of the power to keep up the insurance on their lives. Such facts as I have presented are sufficient to refute a thousand fine-spun theories. It may, with the ingenuity that fashioned this report, be said that the policies to which I have referred are on the lives of wealthy people. But such is not the case; two hundred and sixty-five out of each thousand of them are for \$1000 or less; five hundred and forty out of each thousand are for \$2000 or less; seven hundred out of each thousand for \$3000 or less. Only three hundred out of each thousand are for amounts over \$3000. These policies are the precautions taken by well-paid industry to provide for widowhood and orphanage after the head of the family shall have paid mortality’s last debt.

“It is not improper, Mr. Chairman, that in concluding this branch of my subject I should say that I have presented no statement which is not warranted by official indorsement, and that I hesitate not to assert that could the business of the savings-banks and life insurance companies of the whole country be investigated, the results would conform to those I have produced. They are truly surprising, and should they through our widely diffused periodicals find their way across the waters, will prove an abundant antidote to the Commissioner’s notice to those who have thought of emigrating to this country, but who desire to live in wedlock, that they may not hope to do so under the legislation of that Congress which has for several years been in such absolute government of the country as to render the veto power of the Executive nugatory. They are, in my judgment, important enough to produce some effect upon the credit of the country, for they show that our laboring people are saving and putting at interest hundreds of millions of dollars annually, and that the people at large are paying from their abundance more, largely more, than the interest on our national debt to life insurance companies, as a provision for their widows and orphans when they shall no longer be able to provide for and protect them.”

THE UNDEVELOPED RESOURCES OF THE CENTRE AND THE SOUTH as exhibited, February 12, at a meeting of Northern and Southern gentlemen in Washington:—

CAPTAIN HOTCHKISS, OF VIRGINIA, stated that the principal object he wished to speak about was the iron region of Central Virginia. They were aware that the State had

been divided into several regions—the tide-water country, the middle section, of a somewhat sandy nature, comparatively level, and then at the foot of the Blue Ridge they cross into the great valley, the centre of agricultural wealth. Just upon the western border of that valley (the Shenandoah), they come in contact with a line of iron ore, which is very largely developed. There are a series of parallel valleys traversed by the Chesapeake and Ohio Railroad: and in the last of these valleys, upon the western slope of the North Mountain, there is a wonderful development of iron ore. This mineral region extends over fifty miles in length by some three or four in breadth, running northeast and southwest in almost a direct line, and between veins of sandstone and limestone the ore is obtained of the very finest quality, and in almost inexhaustible deposits. Several furnaces are in active and profitable operation. Captain Hotchkiss exhibited samples of ore and an analysis of the same, and stated that one establishment had refused two hundred and fifty thousand dollars for their works and privileges. Parties are now at work upon a railroad to connect with the great Kanawha coal fields, and expect to have it in running order within a period of eighteen months. This will bring the iron ore in immediate contact, as it were, with the coal field, and of course put it in a position to be readily manufactured. Several sites and furnaces have been purchased by Northern companies, awaiting completion of the railroads to the coal fields before commencing operations. The deposits of iron in many instances crop out, stand up and form portions of the mountain itself. They appear above the surface of the ground, and in many places thousands of tons stand up as the rocks that form the summit of the mountain, and they are worked simply by blasting, and in many instances are obtained by sledging. Several of the furnaces in this valley were destroyed when General Crook made his junction with Hunter during the war, and from this source much of the iron used by the Confederacy was obtained. While much has been developed, there still remains a great body of ore that has never been disturbed. The water power in the valley is not abundant. It is sufficient in some instances, but not enough generally for manufacturing purposes, or for conducting operations entirely by the use of water-power. Nearly all the property in that section could be consolidated or purchased together, with the exception of Elizabeth Furnace and the Millens property.

HON. WILLIAM D. KELLEY, OF PENNSYLVANIA, stated that during the last campaign, while travelling through Eastern Tennessee, he had witnessed the same wonderful deposits of iron ore along the line of railroad, and not only iron, but coal beds, lead, zinc, and nickel, which is said to be next to the precious metal. Already in Eastern Tennessee the development of one zinc establishment has built up a beautiful village. Through his Southern trip he found, to his surprise, the finest wheat fields he had ever seen in any region. He had seen in Louisiana fields of wheat that would yield to the acre twice as many bushels as the most fertile fields of the Northwest, and in localities where the expense of transportation to Liverpool or New York was comparatively nothing. On the farm of Hon. J. R. Robertson sixty bushels of Southern wheat to the acre has been raised, and it could be carried to the tropics in flour without danger of souring. Never before was such a thing known. These magnificent fields were visible from the railroad, and within sight of the steeples of New Orleans, while splendid patches of white clover could be seen in every direction; He had as soon expected to find gold growing on the trees as a natural crop of white clover within sight of New Orleans. The whole South abounds not only in natural agricultural wealth, but in iron regions, and in coal with which to smelt it. The South has also the richest copper region in our country, all within sight of a road soon to be constructed through the valleys of the mountain regions of Tennessee and Virginia, opening up vast fields for investment of Northern capital from the Northeast to the Gulf States—in which already handsome sums have been expended. Let us take an historical view of this country a hundred years hence, and we shall see that the material wealth of the South was transcendently in excess of the North, and that prior to the American war the greatest stores of the world were hidden from the sight of our people. Pennsylvania is abundantly rich, and yet East Tennessee, and some sections of other comparatively small States, are richer in diversified mineral wealth and great natural resources than our own boasted Commonwealth. He who wants to read the most wonderful work of nature should take "Owen's Geological Recognition of Arkansas." The sculptors of the world will there find a marble composed of red sandstone converted by the process of time into a marble more beautiful than that of Carrara, and equally fine with any Italy has ever sent us. The vast deposits of coal, iron, marble, zinc, lead, copper, and nickel only await the labor and the capital of the North for their development. He would now state to his Southern friends that the laborers of the North were piling up their savings, amounting to nearly two hundred millions of dollars, which are ready to flow to the South as soon as they

could be assured that a cordial welcome and a safe residence in that section awaited them. Mr. Kelley said he had recently ascertained some statistics in regard to savings banks and similar institutions, which showed that in one savings bank in the city of New York, in the year 1867, between ninety-nine and one hundred millions were deposited, to be returned with from four to five per cent. interest. In the States of Maine, New Hampshire, Massachusetts, and Rhode Island, they had these savings banks, one in Philadelphia, three in New York and New Jersey, and the resulting increase of deposits had raised in the year 1868 over 1867, more than twenty-five millions. In these States last year the depositors increased by ninety-four thousand, and the number of deposits over twenty odd millions. There is lying at rest, simply invested in Government bonds, a sufficient amount of money to quicken into active operations these fine mineral resources, and to send our commerce into the ports of all the nations of the world. The statistics brought before the commissioner of our revenue for this year show that while England has been losing in her copper production, we have been largely increasing, and while England has scarcely maintained her iron production, we have nearly doubled ours. As others have lost we have gained in the ratio indicated. Let us become as one family, insure us as sure a protection as we have at home, and we shall realize, or our immediate descendants will, a pecuniary condition of things for yourselves and for ourselves, brighter than the wildest visions of any age prior to the war.

COLONEL PRINTUP, OF GEORGIA, said he would briefly state that the iron region to which reference had been made extends into North and South Carolina, the northwestern portion of Georgia, into Alabama, and he presumed would reach to a portion of Mississippi also. In the mineral resources of the South no reference had yet been made to the gold mines of Georgia. They are situated along the northwestern portion of South Carolina. They were very extensively worked before the war, and great profits had been derived where operations were conducted in a scientific manner. But the iron regions of Alabama, of which he desired to speak particularly, are beyond description. There was hardly anything he could say to give his hearers an idea of the immense quantities of iron that existed in Alabama. Mountains of iron could be found in almost any portion of the State, which, by analysis, had been proven to yield from forty to seventy-five per cent. of pure iron. They have some of the finest ores in America, and the experiment of manufacturing steel from it is now being successfully prosecuted. Specimens of ore crop out at every step you take, and they seem to be quite as prominent as those in Tennessee. We cordially invite gentlemen from the North to come down among us and examine for themselves, and we will extend to them a very hearty welcome. The coal and iron beds of Alabama lie within a short distance of each other. There is a large iron mountain in Alabama, and within four miles of it you find plenty of coal, limestone, sandstone, and rich deposits of lead, all within a circumference of four miles. The mountain is almost a solid bed of iron. There is also an iron hill in Alabama which lies parallel to the Selma railroad, about sixty miles in length, composed almost entirely of iron. Superior sandstone, bituminous coal, and various other minerals, and splendid lead deposits are also here to be seen. The people of Alabama are a little behind in the way of cultivation, but they were in hopes the North would send them some good scientific farmers to improve their agricultural system, and they would profit by the example. Indeed, they had improved very much lately, from the fact that some Virginia farmers had gone down and introduced the system of Northern agriculture. This had benefited and enhanced their lands in value very materially. Clover had been successfully raised in small fields before the war, but he had no idea how long it would last. In the hills and valleys of Georgia they were enabled to raise all kinds of fruit. In the northern part of Georgia the peach is a spontaneous production, and all along the railroad you will see lines of peach trees; but this is not the case with apples, which only flourish with cultivation.